

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 000-51990

LIBERTY MEDIA CORPORATION
(Exact name of Registrant as specified in its charter)

<Table>

<p><S></p> <p style="text-align: center;">STATE OF DELAWARE (State or other jurisdiction of incorporation or organization)</p> <p style="text-align: center;">12300 LIBERTY BOULEVARD ENGLEWOOD, COLORADO (Address of principal executive offices)</p>	<p><C></p>	<p style="text-align: right;">84-1288730 (I.R.S. Employer Identification No.)</p> <p style="text-align: right;">80112 (Zip Code)</p>
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REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (720) 875-5400

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Securities registered pursuant to Section 12(b) of the Act:

<Table>

TITLE OF EACH CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
-----	-----
<S>	<C>
Liberty Capital Series A Common Stock, par value \$.01 per share.....	Nasdaq National Market
Liberty Capital Series B Common Stock, par value \$.01 per share.....	Nasdaq National Market
Liberty Interactive Series A Common Stock, par value \$.01 per share..	Nasdaq National Market
Liberty Interactive Series B Common Stock, par value \$.01 per share..	Nasdaq National Market

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Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No / /

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes / / No / /

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act). Large accelerated filer Accelerated filer / / Non-accelerated filer / /

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes / / No / /

The aggregate market value of the voting stock held by nonaffiliates of Liberty Media Corporation computed by reference to the last sales price of such stock, as of the closing of trading on June 30, 2006, was approximately \$22.5 billion.

~~Item 1. Business,~~ ~~Item 1A.~~ "Risk-Factors," Item 2. "Properties," Item 3. "Legal Proceedings," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" contain forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services, and the products and services of the entities in which we have interests;
- uncertainties inherent in the development and integration of new business lines and business strategies;

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- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners and joint venturers;
- general economic and business conditions and industry trends;
- consumer spending levels, including the availability and amount of individual consumer debt;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate;
- continued consolidation of the broadband distribution and movie studio industries;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video on demand and IP television and their impact on home shopping networks;
- increased digital TV penetration and the impact on channel positioning of our networks;
- rapid technological changes;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world; and
- fluctuations in foreign currency exchange rates and political unrest in international markets.

its websites. For the year ended December 31, 2006, approximately 20% of QVC's domestic revenue and approximately 18% of QVC's total revenue was generated from sales of merchandise ordered through its various websites.

QVC offers a variety of merchandise at competitive prices. QVC purchases, or obtains on consignment, products from domestic and foreign manufacturers and wholesalers, often on favorable terms based upon the volume of the transactions. QVC classifies its merchandise into three groups: home, apparel/accessories and jewelry. For the year ended December 31, 2006, home, apparel/ accessories and jewelry accounted for approximately 44%, 35% and 21%, respectively, of QVC's net revenue generated by its United States operations. QVC offers products in each of these merchandise groups that are exclusive to QVC, as well as popular brand name and other products also available from other retailers. QVC's exclusive products are often endorsed by celebrities, designers and other well known personalities. QVC does not depend on any single supplier or designer for a significant portion of its inventory.

QVC distributes its television programs, via satellite or optical fiber, to multichannel video program distributors for retransmission to subscribers in the United States, the United Kingdom, Germany, Japan and neighboring countries that receive QVC's broadcast signals. In the U.S., QVC uplinks its programming from its uplink facility in Pennsylvania to a protected, non-preemptible transponder on a domestic satellite. QVC's international business units each obtain uplinking services from third parties and transmit their programming to non-preemptible transponders on five international satellites. QVC's transponder service agreement for its domestic transponder expires in 2019. QVC's transponder service agreements for its international transponders expire in 2008 through 2013.

QVC enters into long-term affiliation agreements with satellite and cable television operators who downlink QVC's programming and distribute the programming to their customers. QVC's affiliation agreements with these distributors have termination dates ranging from 2007 to 2016. QVC's ability to continue to sell products to its customers is dependent on its ability to maintain and renew these affiliation agreements in the future.

In return for carrying the QVC signals, each programming distributor in the United States, the United Kingdom and Germany receives an allocated portion, based upon market share, of up to 5% of the net sales of merchandise sold via the television programs to customers located in the programming distributor's service areas. In Japan, some programming distributors receive an agreed-upon monthly fee per subscriber regardless of the net sales, while others earn a variable percentage of net sales. In

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addition to sales-based commissions or per-subscriber fees, QVC also makes payments to distributors in the United States for carriage and to secure favorable positioning on channel 35 or below on the distributor's channel line-up. QVC believes that a portion of its sales are attributable to purchases resulting from channel "browsing" and that a channel position near broadcast networks and more popular cable networks increases the likelihood of such purchases. As a result of the ongoing conversion of analog cable customers to digital, channel positioning has become more critical due to the increased channel options on the digital line-up.

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QVC's shopping program is telecast live 24 hours a day to approximately 91 million homes in the United States. QVC Shopping Channel reaches approximately 19 million households in the United Kingdom and the Republic of Ireland and is broadcast 24 hours a day with 17 hours of live programming. QVC's shopping network in Germany, reaches approximately 38 million households throughout Germany and Austria and is broadcast live 24 hours a day. QVC Japan, ~~QVC's shopping program is telecast live 24 hours a day to approximately 91 million homes in the United States. QVC Shopping Channel reaches approximately 19 million households in the United Kingdom and the Republic of Ireland and is broadcast 24 hours a day with 17 hours of live programming. QVC's shopping network in Germany, reaches approximately 38 million households throughout Germany and Austria and is broadcast live 24 hours a day. QVC Japan,~~

determines the contract serves the public interest) and generally prohibit a cable operator that has an attributable interest in a satellite programmer from improperly influencing the terms and conditions of sale to unaffiliated multi-channel video programming distributors. Further, the 1992 Cable Act requires that such affiliated programmers make their programming services available to cable operators and competing multi-channel video programming distributors such as multi-channel multi-point distribution systems, which we refer to as MMDS, and direct broadcast satellite distributors on terms and conditions that do not unfairly discriminate among distributors. The Telecommunications Act of 1996 extended these rules to programming services in which telephone companies and other common carriers have attributable ownership interests. The FCC revised its program licensing rules by implementing a damages remedy in situations where the defendant knowingly violates the regulations and by establishing a timeline for the resolution of complaints, among other things. Although we no longer own Liberty Cablevision of Puerto Rico Ltd. ("LCPR"), FCC rules continue to attribute an ownership interest in LCPR to us, thereby subjecting us and satellite-delivered programming services in which we have an interest to the program access rules. The prohibition on exclusive programming contracts is scheduled to sunset in 2007, but the FCC likely will initiate a rulemaking proceeding regarding extension of such prohibition of exclusive contracts.

REGULATION OF CARRIAGE OF PROGRAMMING. Under the 1992 Cable Act, the FCC has adopted regulations prohibiting cable operators from requiring a financial interest in a programming service as a condition to carriage of such service, coercing exclusive rights in a programming service or favoring affiliated programmers so as to restrain unreasonably the ability of unaffiliated programmers to compete.

REGULATION OF ~~Access~~ e ~~Acc~~

Federal Trade Commission requirements regarding truthful and accurate claims. With regard to state and local taxes, legislation enacted by Congress in 2004 extended the moratorium on such taxes on Internet access and commerce until November 1, 2007.

Congress and individual states may consider additional online privacy legislation. Other Internet-related laws and regulations enacted in the future may cover issues such as defamatory speech, copyright infringement, pricing and characteristics and quality of products and services. The future adoption of such laws or regulations may slow the growth of commercial online services and the Internet, which could in turn cause a decline in the demand for the services and products of the Internet companies in which we have interests and increase such companies' costs of doing business or otherwise have an adverse effect on their businesses, operating results and financial conditions. Moreover, the applicability to commercial online services and the Internet of existing laws governing issues such as property ownership, libel, personal privacy and taxation is uncertain and could expose these companies to substantial liability.

OTHER REGULATION

We also have significant ownership interests on a cost basis in other entities, such as News Corporation and Sprint Nextel Corporation, which are extensively regulated. For example, the broadcast stations owned and the direct broadcast satellite service controlled by News Corp. are subject to a variety of FCC regulations. Sprint Nextel is subject not only to federal regulation but also to regulation in varying degrees, depending on the jurisdiction, by state and local regulatory authorities.

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PROPOSED CHANGES IN REGULATION

The regulation of programming services, cable television systems and satellite licensees is subject to the political process and has been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that our business will not be adversely affected by future legislation, new regulation or deregulation.

COMPETITION

Our businesses that compete with traditional offline and online retailers ranging from large department stores to specialty shops, other electronic



International, providers of corporate travel services. We believe that the

Because these policies relate to matters concerning the day to day management of our company as opposed to significant corporate actions, such as a merger involving our company or a sale of substantially all of our assets, no stockholder approval is required with respect to their adoption or amendment. A decision to change, or make exceptions to, these policies or adopt additional policies could disadvantage one group while advantaging the other group.

STOCKHOLDERS WILL NOT VOTE ON HOW TO ATTRIBUTE CONSIDERATION RECEIVED IN CONNECTION WITH A MERGER INVOLVING OUR COMPANY AMONG HOLDERS OF LIBERTY INTERACTIVE COMMON STOCK AND LIBERTY CAPITAL COMMON STOCK. Our amended charter does not contain any provisions governing how consideration received in connection with a merger or consolidation involving v

assumptions, the actual amount we may eventually realize for an investment could differ materially from our assessment of the value of that investment made in an earlier period. In addition, our ability to liquidate these interests without adversely affecting their value may be limited.

A SUBSTANTIAL PORTION OF THE CONSOLIDATED DEBT ATTRIBUTED TO EACH GROUP IS HELD ABOVE THE OPERATING SUBSIDIARY LEVEL, AND WE COULD BE UNABLE IN THE FUTURE TO OBTAIN CASH IN AMOUNTS SUFFICIENT TO SERVICE THAT DEBT AND OUR OTHER FINANCIAL OBLIGATIONS. As of December 31, 2006, Liberty Media LLC, which is a wholly owned subsidiary of our company, had \$7.7 billion principal amount of debt outstanding. Our ability to meet the financial obligations of Liberty Media LLC and our other financial obligations will depend upon our ability to access cash. Our sources of cash include our available cash balances, net cash from operating activities, dividends and interest from our investments, availability under credit facilities, monetization of our public investment portfolio and proceeds hidden amnzation of ity

the Interactive Group's subsidiaries' and business affiliates' products and services sold via the Internet, television and telephone is subject to interpretation by the applicable taxing authorities, and no assurance can be given that such authorities will not take a contrary position to that taken by those subsidiaries and business affiliates, which could have a material adverse effect on their business. In addition, there have been numerous attempts at the federal, state and local levels to impose additional taxes on online commerce transactions. Moreover, substantially every foreign country in which !ñiiiiiiions.fltg'o

fashion trends in a timely manner. QVC develops new retail concepts and continuously adjusts its product mix in an effort to satisfy customer demands. Any sustained failure to identify and respond to emerging trends in lifestyle and consumer preferences could have a material adverse affect on QVC's business. Consumer spending may be affected by many factors outside of QVC's control, including competition from store-based retailers, mail-order and Internet companies, consumer confidence and preferences, and general economic conditions.

QVC'S SUCCESS DEPENDS IN LARGE PART ON ITS ABILITY TO RECRUIT AND RETAIN KEY EMPLOYEES CAPABLE OF EXECUTING ITS UNIQUE BUSINESS MODEL. QVC has a business model that requires it to recruit and retain key employees with the skills necessary for a unique business that demands knowledge of the general retail industry, television production, direct to consumer marketing and fulfillment and the Internet. We can not assure you that if QVC experiences turnover of its key employees, they will be able to recruit and retain acceptable replacements because the market for such employees is very competitive and limited.

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QVC HAS OPERATIONS OUTSIDE OF THE UNITED STATES THAT ARE SUBJECT TO NUMEROUS OPERATIONAL AND FINANCIAL RISKS. QVC has operations in countries other than the United States and are subject to the following risks inherent in international operations:

- fluctuations in currency exchange rates;
- longer payment cycles for sales in foreign countries that may increase the uncertainty associated with recoverable accounts;
- recessionary conditions and economic instability affecting overseas markets;
- potentially adverse tax consequences;
- export and import restrictions, tariffs and other trade barriers;
- increases in taxes and governmental royalties and fees;
- involuntary renegotiation of contracts with foreign governments;
- changes in foreign and domestic laws and policies that govern operations of foreign-based companies;
- difficulties in staffing and managing international operations; and
- political unrest that may result in disruptions of services that are critical to their international businesses.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES.

We own our corporate headquarters in Englewood, Colorado. All of our other real or personal property is owned or leased by our subsidiaries and business affiliates.

QVC owns its corporate headquarters and operations center in West Chester, Pennsylvania. It also owns call centers in San Antonio, Texas, Port St. Lucie, Florida, Chesapeake, Virginia and Bochum, Germany, as well as a call center and warehouse in Knowsley, United Kingdom. QVC owns a distribution center in Hucklehoven, Germany and distribution centers in Lancaster, Pennsylvania, Suffolk, Virginia and Rocky Mount, North Carolina. To supplement the facilities it owns, QVC also leases various facilities in the United States, the United Kingdom, Germany and Japan for retail outlet stores, office space, warehouse space and call center locations.

Starz Entertainment owns its corporate headquarters in Englewood, Colorado. In addition, Starz Entertainment leases office space for its business affairs and sales staff at five locations around the United States.

Starz Media leases space for its executive offices, distribution and sales operations, and production studio facilities in Burbank, California, Troy, Michigan, Beverly Hills, California and New York, New York. Starz Media also leases space for its international production and distribution operations in Toronto, Ontario, Vancouver, British Columbia, London, England and Melbourne, Australia.

On Command leases its corporate headquarters in Denver, Colorado. It also leases 120,000 square feet of light manufacturing and storage space in Denver, Colorado and 42,000 square feet of office space in San Jose, California. On Command also has a number of small leased facilities in the United States, Canada and Mexico.

Each series of our tracking stock trades on the Nasdaq National Market. Prior to May 10, 2006, our two series of common stock, Series A and Series B, traded on the New York Stock Exchange under the symbols L and LMC.B, respectively. The following table sets forth the range of high and low sales prices of shares of our common stock for the years ended December 31, 2006 and 2005.

<Table>
<Caption>

	SERIES A (L)		SERIES B (LMC.B)	
	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>
2005				
First quarter.....	\$10.93	9.97	11.60	10.30
Second quarter.....	\$10.64	10.01	11.06	10.20
Third quarter through July 20, 2005*.....	\$10.28	9.89	10.75	10.00
July 21 through September 30, 2005*.....	\$ 8.90	7.98	10.15	8.12
Fourth quarter.....	\$ 8.18	7.59	8.56	7.55
2006				
First quarter.....	\$ 8.44	7.73	8.50	7.80
Second quarter through May 9, 2006.....	\$ 8.76	8.20	8.90	8.20

</Table>

<Table>
<Caption>

	LIBERTY CAPITAL			
	SERIES A (LCAPA)		SERIES B (LCAPB)	
	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>
2006				
Second quarter--May 10, 2006 through June 30, 2006.....	\$83.95	77.00	87.99	79.26
Third quarter.....	\$87.02	80.01	87.25	80.73
Fourth quarter.....	\$98.80	83.32	99.46	84.34

</Table>

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<Caption>

	LIBERTY INTERACTIVE			
	SERIES A (LINTA)		SERIES B (LINTB)	
	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>
2006				
Second quarter--May 10, 2006 through June 30, 2006.....	\$20.25	16.28	20.09	15.98
Third quarter.....	\$20.60	15.84	20.50	16.00
Fourth quarter.....	\$23.29	19.85	23.13	19.61

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* Our spin off of DHC was completed on July 21, 2005.

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HOLDERS

As of January 31, 2007, there were approximately 68,000 and less than 1,000 beneficial holders of our Liberty Capital Series A and Series B common stock, respectively, and approximately 74,000 and less than 1,000 beneficial holders of our Liberty Interactive Series A and Series B common stock, respectively.

DIVIDENDS

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payme3P

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LIBERTY INTERACTIVE SERIES A COMMON STOCK

PERIOD	(A) TOTAL NUMBER OF SHARES PURCHASED	(B) AVERAGE PRICE PAID PER SHARE	(C) TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) MAXIMUM NUMBER (OR APPROXIMATE DOLLAR VALUE) OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS(1)
October 2006.....	5,129,246	\$ 21.22	5,129,246	\$ 160.5 million
November 2006.....	3,443,499	\$ 22.51	3,443,499	\$ 1,082.9 million
December 2006.....	1,578,700	\$ 22.66	1,578,700	\$ 1,047.2 million
Total.....	10,151,445		10,151,445	

</Table>

(1) Our program to repurchase shares of Liberty Interactive common stock was approved by our board of directors and disclosed in our 2006 Annual Proxy dated April 7, 2006. In November 2006, our board of directors increased the aggregate amount of Liberty Interactive common stock that can be repurchased from \$1 billion to \$2 billion. We may alter or terminate the program at any time.

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ITEM 6. SELECTED FINANCIAL DATA.

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with our consolidated financial statements.

<Table>
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	DECEMBER 31,				
	2006	2005	2004	2003(2)	2002
	(AMOUNTS IN MILLIONS)				
SUMMARY BALANCE SHEET DATA(1):					
Investments in available-for-sale securities and other cost investments.....	\$21,622	18,489	21,834	19,544	14,156
Investment in affiliates.....	\$ 1,842	1,908	784	745	3,420
Assets of discontinued operations.....	\$ 512	516	6,258	9,741	8,985
Total assets.....	\$47,638	41,965	50,181	54,225	40,324
Long-term debt(3).....	\$ 8,909	6,370	8,566	9,417	3,646
Stockholders' equity.....	\$21,633	19,120	24,586	28,842	24,682

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	YEARS ENDED DECEMBER 31,				
	2006	2005	2004	2003(2)	2002
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
SUMMARY STATEMENT OF OPERATIONS DATA(1):					
Revenue.....	\$8,613	7,646	6,743	2,934	1,010
Operating income (loss)(4).....	\$1,021	944	788	(841)	189
Realized and unrealized gains (losses) on financial instruments, net.....	\$ (279)	257	(1,284)	(661)	2,127
Gains (losses) on dispositions, net.....	\$ 607	(361)	1,411	1,128	(526)
Nontemporary declines in fair value of investments....	\$ (4)	(449)	(129)	(22)	(5,793)
Earnings (loss) from continuing operations(4).....	\$ 709	(43)	105	(1,144)	(2,783)
Basic and diluted earnings (loss) from continuing operations per common share(5):					
Liberty common stock.....	\$.07	(.02)	.04	(.42)	(1.07)
Liberty Capital common stock.....	\$.24	--	--	--	--
Liberty Interactive common stock.....	\$.73	--	--	--	--

</Table>

(1) In the fourth quarter of 2006, we executed agreements to sell our interests in OpenTV Corp. ("OPTV") and Ascent Entertainment Group ("AEG"), which is the parent company of On Command Corporation, in separate transactions to

TRACKING STOCKS

On May 9, 2006, we completed a restructuring pursuant to which we were organized as a new holding company, and we became the new publicly traded parent company of Liberty Media LLC, which was formerly known as Liberty Media Corporation, and which we refer to as "Old Liberty". As a result of the restructuring, all of the Old Liberty outstanding common stock was exchanged for our two new tracking stocks, Liberty Interactive common stock and Liberty Capital common stock. Each tracking stock issued in the restructuring is intended to track and reflect the economic performance of one of two newly designated groups, the Interactive Group and the Capital Group, respectively.

A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. While the Interactive Group and the Capital Group have separate collections of businesses, assets and liabilities attributed to them, neither group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of tracking stocks have no direct claim to the group's stock or assets and are not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The term "Interactive Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities which we have attributed to it. The assets and businesses we have attributed to the Interactive Group are those engaged in video and on-line commerce, and include our subsidiaries QVC, Provide and BuySeasons and our interests in Expedia and IAC/InterActiveCorp. The Interactive Group will also include such other businesses that our board of directors may in the future determine to attribute to the Interactive Group, including such other businesses as we may acquire for the Interactive Group. In addition, we have attributed \$3,108 million principal amount (as of December 31, 2006) of our existing publicly-traded debt to the Interactive Group.

The term "Capital Group" also does not represent a separate legal entity, rather it represents all of our businesses, assets and liabilities other than those which have been attributed to the Interactive Group. The assets and businesses attributed to the Capital Group include our subsidiaries Starz Entertainment, Starz Media, FUN and TruePosition, our equity affiliates GSN, LLC and WildBlue Communications, Inc. and our interests in News Corporation, Time Warner Inc. and Sprint Nextel Corporation. The Capital Group will also include such other businesses that our board of directors may in the future determine to attribute to the Capital Group, including such other businesses as we may acquire for the Capital Group. In addition, we have attributed \$4,580 million principal amount (as of December 31, 2006) of our existing publicly-traded debt to the Capital Group.

See Exhibit 99.1 to this Annual Report on Form 10-K for unaudited attributed financial information for our tracking stock groups.

DISCONTINUED OPERATIONS

In the fourth quarter of 2006, we committed to two separate transactions pursuant to which we intend to sell our interests in OpenTV Corp and Ascent Entertainment Group ("AEG") to unrelated third parties. The agreement to sell OpenTV was executed in October 2006 and provided for us to sell all of our controlling interest in OpenTV for approximately \$132 million in cash. Pursuant to an agreement with OpenTV, we would pay OpenTV up to approximately \$20 million of the sales proceeds on the first anniversary of the closing, subject to the satisfaction of certain conditions. The transaction was completed on January 16, 2007. The agreement to sell AEG, of which the primary asset is 100% of the common stock of On Command Corporation, was executed in December 2006 and provides that if the transaction is completed, we would sell our interest in AEG for \$332 million in cash and 2.05 million shares of common stock of the buyer valued at approximately \$50 million. The transaction,

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which is subject to regulatory approval and customary closing conditions, is expected to close in mid-2007.

OpenTV and AEG each meet the criteria of Statement of Financial Accounting Standards No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS, for classification as assets held for sale as of December 31, 2006 and were included in the Capital Group.

On July 21, 2005, we completed the spin off of our wholly-owned subsidiary, Discovery Holding Company ("DHC"), to our shareholders. At the time of the spin off, DHC's assets were comprised of our 100% ownership interest in Ascent Media Group, our 50% ownership interest in Discovery Communications, Inc. and \$200 million in cash. The spin off is intended to qualify as a tax-free spin off. We recognized no gain or loss in connection with the spin off due to the

pro rata nature of the distribution.

On June 7, 2004, we completed the spin off of our wholly-owned subsidiary, Liberty Media International, Inc. ("LMI"), to our shareholders. Substantially all of the assets and businesses of LMI were attributed to our International Group segment. The spin off is intended to qualify as a tax-free spin off. For accounting purposes, the spin off is deemed to have occurred on June 1, 2004, and we recognized no gain or loss in connection with the spin off due to the pro rata nature of the distribution.

During the fourth quarter of 2004, the executive committee of our board of directors approved a plan to dispose of our approximate 56% ownership interest in Maxide Acquisition, Inc. (d/b/a DMX Music, "DMX"). On February 14, 2005, DMX commenced proceedings under Chapter 11 of the United States Bankruptcy Code. On May 16, 2005, The Bankruptcy Court approved the sale of substantially all of the operating assets of DMX to an independent spinBa TheThg 1

	7,326	6,501	5,687
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Capital Group			
Starz Entertainment.....	1,033	1,004	963
Corporate and Other.....	254	141	93
	-----	-----	-----
	1,287	1,145	1,056
	-----	-----	-----
Consolidated Liberty.....	\$8,613	7,646	6,743
	=====	=====	=====
OPERATING CASH FLOW (DEFICIT)			
Interactive Group			
QVC.....	\$1,656	1,422	1,230
Corporate and Other.....	24	(5)	(6)
	-----	-----	-----
	1,680	1,417	1,224
	-----	-----	-----
Capital Group			
Starz Entertainment.....	186	171	239
Corporate and Other.....	(83)	(47)	(72)
	-----	-----	-----
	103	124	167
	-----	-----	-----
Consolidated Liberty.....	\$1,783	1,541	1,391
	=====	=====	=====
OPERATING INCOME (LOSS)			
Interactive Group			
QVC.....	\$1,130	921	760
Corporate and Other.....	--	(5)	(12)
	-----	-----	-----
	1,130	916	748
	-----	-----	-----
Capital Group			
Starz Entertainment.....	163	105	148
Corporate and Other.....	(272)	(77)	(108)
	-----	-----	-----
	(109)	28	40
	-----	-----	-----
Consolidated Liberty.....	\$1,021	944	788
	=====	=====	=====

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REVENUE. Our consolidated revenue increased 12.6% in 2006 and 13.4% in 2005, as compared to the corresponding prior year. The 2006 increase is due primarily to the acquisition of Starz Encore Networks in 2005.

See note 18 to the accompanying consolidated financial statements for a reconciliation of Operating Cash Flow to Earnings (Loss) From Continuing Operations Before Income Taxes and Minority Interest.

Consolidated Operating Cash Flow increased \$242 million or 15.7% and \$150 million or 10.8% in 2006 and 2005, respectively, as compared to the corresponding prior year. The 2006 increase is due to a \$234 million or 16.5% increase at QVC and a \$15 million or 8.8% increase at Starz Entertainment. Operating cash flow for Provide of \$24 million and BuySeasons of \$6 million were offset by operating cash flow deficits for Starz Media of \$24 million and FUN of \$11 million. The 2005 increase is due to a \$192 million increase for QVC and a \$30 million improvement for TruePosition, partially offset by a \$68 million decrease for Starz Entertainment.

STOCK-BASED COMPENSATION. Stock-based compensation includes compensation related to (1) options and stock appreciation rights ("SARs") for shares of our common stock that are granted to certain of our officers and employees, (2) phantom stock appreciation rights ("PSARs") granted to officers and employees of certain of our subsidiaries pursuant to private equity plans and (3) amortization of restricted stock grants.

Effective January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123R (revised 2004), "SHARE-BASED PAYMENT" ("Statement 123R"). Statement 123R requires that we amortize the grant date fair value of our stock option and SAR awards that qualify as equity awards as stock compensation expense over the vesting period of such awards. Statement 123R also requires that we record our liability awards at fair value each reporting period and that the change in fair value be reflected as stock compensation expense in our consolidated statement of operations. Prior to adoption of Statement 123R, the amount of expense associated with stock-based compensation was generally based on the vesting of the related stock options and stock appreciation rights and the market price of the underlying common stock, as well as the vesting of PSARs and the equity value of the related subsidiary. The expense reflected in our consolidated financial statements was based on the market price of the underlying common stock as of the date of the financial statements.

In connection with our adoption of Statement 123R, we recorded an \$89 million transition adjustment, net of related income taxes of \$31 million, which primarily reflects the fair value of the

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liability portion of QVC's stock option awards at January 1, 2006. The transition adjustment is reflected in the accompanying consolidated statement of operations as the cumulative effect of accounting change. In addition, we recorded \$67 million of stock compensation expense for the year ended December 31, 2006, compared with \$52 million for the comparable period in 2005. The 2006 stock compensation expense is net of a \$24 million credit related to the terminations of QVC's stock option plan as described in note 13 to the accompanying consolidated financial statements. As of December 31, 2006, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$59 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2 years.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization increased in 2006 due to our acquisitions and capital expenditures partially offset by a decrease at Starz Entertainment due to certain intangibles becoming fully amortized. As the businesses we acquired in 2006 are not capital intensive, we do not expect them to have a significant impact on our depreciation in the future. Depreciation and amortization decreased slightly in 2005 due to certain assets becoming fully amortized, partially offset by an increase in depreciable assets due to capital expenditures.

IMPAIRMENT OF LONG-LIVED ASSETS. We acquired our interest in FUN in Mainz 2006. Subsequent to our acquisition, the market value of FUN's stock has declined significantly due to the performance of certain of FUN's subsidiaries and uncertainty surrounding government legislation of Internet gambling which we believe the market perceives as potentially impacting FUN's skill gaming business. In connection with our annual evaluation of the recoverability of FUN's goodwill, we received a third-party valuation, which indicated that the carrying value of FUN's goodwill exceeded its market value. Accordingly, we recognized a \$111 million impairment charge related to goodwill and a \$2 million impairment charge related to goodwill int crmi

News Corporation pursuant to which, if completed, we would exchange our approximate 16.2% ownership interest in News Corporation for a subsidiary of News Corporation, which would own News Corporation's approximate 38.5% interest in The DirecTV Group, Inc., the rest in News Corporation.

taxable income previously offset by our losses. In addition, the information provided to us in connection with AT&T's request showed that AT&T had not yet claimed a credit for AMT previously paid. Accordingly, in the fourth quarter of 2005, we increased our accrual by approximately \$45b

are indications that it should be adjusted. We obtain a discount rate at the inception of the derivative instrument and update such rate each reporting period based on our

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estimate of the discount rate at which we could currently settle the derivative instrument. At December 31, 2006, the expected volatilities used to value our AFS Derivatives generally ranged from 19% to 26% and the discount rates ranged from 5.1% to 5.4%. Considerable management judgment is required in estimating the Black-Scholes variables. Actual results upon settlement or unwinding of our derivative instruments may differ from these estimates.

Changes in our assumptions regarding (1) the discount rate and (2) the volatility rates of the underlying securities that are used in the Black-Scholes model would have the most significant impact on the valuation of our AFS Derivatives. The table below summarizes changes in these assumptions and the resulting impacts on our estimate of fair value.

<Table>
<Caption>

ASSUMPTION	ESTIMATED AGGREGATE FAIR VALUE OF AFS DERIVATIVES	DOLLAR VALUE CHANGE
-----	-----	-----
	(AMOUNTS IN MILLIONS)	
<S>	<C>	<C>
As recorded at December 31, 2006.....	\$ 983	--
25% increase in discount rate.....	\$ 830	(153)
25% decrease in discount rate.....	\$1,136	153
25% increase in expected volatilities.....	\$ 925	(58)
25% decrease in expected volatilities.....	\$1,060	77

</Table>

CARRYING VALUE OF LONG-LIVED ASSETS. Our property and equipment, intangible assets and goodwill (collectively, our "long-lived assets") also comprise a significant portion of our total assets at December 31, 2006 and 2005. We account for our long-lived assets pursuant to Statement of Financial Accounting Standards No. 142 and Statement of Financial Accounting Standards No. 144. The following table summarizes the carrying amount of our long-lived assets at December 31, 2006 and 2005.

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carrying value of FUN's goodwill exceeded its market value. Accordingly, we recognized a \$111 million impairment charge related to goodwill and a \$2 million impairment charge related to trademarks.

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OPERATING INCOME (LOSS). The improvement in operating income for Starz Entertainment in 2006 was more than offset by operating losses for Starz Media and FUN, as well as an increase in corporate stock compensation expense. The 2005 decrease in operating income for Starz Entertainment was partially offset by lower amortization of corporate intangibles and lower corporate stock compensation expense.

STARZ ENTERTAINMENT. Historically, Starz Entertainment has provided premium programming distributed by cable operators, direct-to-home satellite providers and other distributors throughout the United States. In addition, Starz Entertainment has launched Vongo, a subscription Internet service which is comprised of Starz and other movie and entertainment content. Vongo also offers content on a pay-per-view basis. Through 2006, virtually all of Starz Entertainment's revenue continues to be derived from the delivery of movies to subscribers under affiliation agreements with television video programming distributors. Some of Starz Entertainment's affiliation agreements provide for payments to Starz Entertainment based on the number of subscribers that receive Starz Entertainment's services. Starz Entertainment also has fixed-rate affiliation agreements with certain of its customers. Pursuant to these agreements, the customers pay an agreed-upon rate regardless of the number of subscribers. The agreed-upon rate is contractually increased annually or semi-annually as the case may be, and these agreements, expire in 2007 through 2012. During the year ended December 31, 2006, 67.8% of Starz Entertainment's revenue was generated by its four largest customers, Comcast, Echostar Communications, DirecTV and Time Warner. Starz Entertainment's affiliation agreement with DirecTV expired on June 30, 2006. In addition, the affiliation agreement with Time Warner, which originally expired on December 31, 2006, has been extended through May 31, 2007 with provisions for further extensions through June 30, 2007. Starz Entertainment is currently in negotiations with DirecTV and Time Warner regarding new agreements. There can be no assurance that any new agreements with DirecTV or Time Warner will have economic terms comparable to the old agreements.

Starz Entertainment's operating results are as follows:

<Table>
<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004
	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Revenue.....	\$1,033	1,004	963
Operating expenses.....	(741)	(706)	(603)
SG&A expenses.....	(106)	(127)	(121)
	-----	-----	-----
Operating cash flow.....	186	171	239
Stock-based compensation.....	3	(17)	(28)
Depreciation and amortization.....	(26)	(49)	(63)
	-----	-----	-----
Operating income.....	\$ 163	105	148
	=====	=====	=====

</Table>

Starz Entertainment's revenue increased 2.9% and 4.3% for the years ended December 31, 2006 and 2005, respectively, as compared to the corresponding prior year. The 2006 increase is due to a \$56 million increase resulting from an increase in the average number of subscription units for Starz Entertainment's services partially offset by a \$27 million decrease due to a decrease in the effective rate for Starz Entertainment services. The 2005 increase in revenue is due to an \$85 million increase resulting from a rise in the average number of subscription units for Starz Entertainment's services partially offset by a \$52 million decrease due to a reduction in the effective rate for Starz Entertainment's services.

Starz Entertainment's Starz movie service and its Encore and Thematic Multiplex channels ("EMP") movie service are the primary drivers of Starz Entertainment's revenue. Starz average subscriptions increased 5.7% and 6.7% in 2006 and 2005, respectively; and EMP average subscriptions increased 6.6% and 8.0% in 2006 and 2005, respectively. The effects on revenue of these increases in

<Page>

subscriptions units are somewhat mitigated by the fixed-rate affiliation agreements that Starz Entertainment has entered into in recent years.

At December 31, 2006, cable, direct broadcast satellite, and other

distribution represented 66.6%

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From time to time we enter into debt swaps and swap arrangements with respect to our or third-party public and private indebtedness. Under these arrangements, we initially post collateral with the counterparty equal to a contractual percentage of the value of the referenced securities. We earn interest income based upon the face amount and stated interest rate of the referenced securities, and we pay interest expense at market rates on the amount funded by the counterparty. In the event the fair value of the underlying debt securities declines more than a pre-determined amount, we are required to post cash collateral for the decline, and we record an unrealized loss on financial instruments. The cash collateral is further adjusted up or down for subsequent changes in fair value of the underlying debt security. At December 31, 2006, the aggregate notional amount of debt securities referenced under our debt swap arrangements, which related to \$830 million principal amount of certain of our publicly traded debt, was \$592 million. As of such date, we had posted cash collateral equal to \$109 million. In the event the fair value of the referenced debt securities were to fall to zero, we would be required to post additional cash collateral of \$483 million. The posting of such collateral and the related settlement of the agreements would reduce the principal amount of our outstanding debt by \$830 million.

We periodically assess the effectiveness of our derivative financial instruments. With regard to interest rate swaps, we monitor the fair value of interest rate swaps as well as the effective interest rate the interest rate swap yields, in comparison to historical interest rate trends. We believe that any losses incurred with regard to interest rate swaps would be offset by the effects of interest rate movements on the underlying debt facilities. With regard to equity collars, we monitor historical market trends relative to values currently present in the market. We believe that any unrealized losses incurred with regard to equity collars and swaps would be offset by the effects of fair value changes on the underlying assets.

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These measures allow our management to evaluate the success of our use of derivative instruments and to determine when to enter into or exit from derivative instruments.

Our derivative instruments are executed with counterparties who are well known major financial institutions with high credit ratings. While we believe these derivative instruments effectively manage the risks highlighted above, they are subject to counterparty credit risk. Counterparty credit risk is the risk that the counterparty is unable to perform under the terms of the derivative instrument upon settlement of the derivative instrument. To protect ourselves against credit risk associated with these counterparties we generally:

- execute our derivative instruments with several different counterparties, and
- execute equity derivative instrument agreements which contain a provision that requires the counterparty to post the "in the money" portion of the derivative instrument into a cash collateral account for our benefit, if the respective counterparty's credit rating for its senior unsecured debt were to reach certain levels, generally a rating that is below Standard & Poor's rating of A- and/or Moody's rating of A3.

Due to the importance of these derivative instruments to our risk management strategy, we actively monitor the creditworthiness of each of these counterparties. Based on our analysis, we currently consider nonperformance by any of our counterparties to be unlikely.

Our counterparty credit risk by financial institution is summarized below:

<Table>

<Caption>

COUNTERPARTY	AGGREGATE FAIR VALUE OF DERIVATIVE INSTRUMENTS AT DECEMBER 31, 2006
- - - - -	- - - - -
	(AMOUNTS IN MILLIONS)
<S>	<C>
Counterparty A.....	\$ 504
Counterparty B.....	494
Other.....	581

	\$1,579
	=====

</Table>

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements of Liberty Media Corporation are filed under this Item, beginning on Page II-36. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

~~CONTROL~~ CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
~~FINANCIAL~~ SCC FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer, principal accounting officer and principal financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of December 31, 2006 to provide reasonable assurance that the information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Liberty Media Corporation and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in note 3 to the accompanying consolidated financial statements, effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), SHARE BASED PAYMENT.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Liberty Media Corporation's internal control over financial reporting as of December 31, 2006, based on the criteria established in INTERNAL CONTROL--INTEGRATED FRAMEWORK issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

Denver, Colorado
February 28, 2007

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

<Table>
<Caption>

	2006	2005*
	-----	-----
	(AMOUNTS IN MILLIONS)	
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 3,099	1,896
Trade and other receivables, net.....	1,276	1,059
Inventory, net.....	831	719
Program rights.....	531	599
Financial instruments (note 7).....	239	661
Other current assets.....	241	127
Assets of discontinued operations (note 5).....	512	516
	-----	-----
Total current assets.....	6,729	5,577
	-----	-----
Investments in available-for-sale securities and other cost investments, including \$1,482 million and \$1,581 million pledged as collateral for share borrowing arrangements (note 6).....	21,622	18,489
Long-term financial instruments (note 7).....	1,340	1,123
Investments in affiliates, accounted for using the equity method (note 8).....	1,842	1,908
Property and equipment, at cost.....	1,531	1,196
Accumulated depreciation.....	(385)	(250)
	-----	-----
	1,146	946
	-----	-----
Intangible assets not subject to amortization (note 3):		
Goodwill.....	7,588	6,809
Trademarks.....	2,471	2,385
	-----	-----
	10,059	9,194

Intangible assets subject to amortization, net (note 3).....	3,910	3,975
Other assets, at cost, net of accumulated amortization.....	990	753
	-----	-----
Total assets.....	\$47,638	41,965
	=====	=====

</Table>

(continued)

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2006 AND 2005

<Table>

<Caption>

	2006	2005*
	-----	-----
	(AMOUNTS IN MILLIONS)	
<S>	<C>	<C>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 508	492
Accrued interest.....	214	153
Other accrued liabilities.....	1,035	978
Financial instruments (note 7).....	1,484	1,939
Current portion of debt (note 9).....	114	1,379
Other current liabilities.....	113	289
Liabilities of discontinued operations (note 5).....	101	114
	-----	-----
Total current liabilities.....	3,569	5,344
	-----	-----
Long-term debt (note 9).....	8,909	6,370
Long-term financial instruments (note 7).....	1,706	1,087
Deferred income tax liabilities (note 10).....	9,784	8,696
Other liabilities.....	1,747	1,058
	-----	-----
Total liabilities.....	25,715	22,555
	-----	-----
Minority interests in equity of subsidiaries.....	290	290
Stockholders' equity (note 11):		
Preferred stock, \$.01 par value. Authorized 50,000,000 shares; no shares issued.....	--	--
Liberty Capital Series A common stock, \$.01 par value. Authorized 400,000,000 shares; issued and outstanding 134,503,165 shares at December 31, 2006.....	1	--
Liberty Capital Series B common stock, \$.01 par value. Authorized 25,000,000 shares; issued and outstanding 6,014,680 shares at December 31, 2006.....	--	--
Liberty Interactive Series A common stock, \$.01 par value. Authorized 2,000,000,000 shares; issued and outstanding 623,061,760 shares at December 31, 2006.....	6	--
Liberty Interactive Series B common stock, \$.01 par value. Authorized 125,000,000 shares; issued and outstanding 29,971,039 shares at December 31, 2006.....	--	--
Series A common stock \$.01 par value. Issued and outstanding 2,681,745,985 shares at December 31, 2005....	--	27
Series B common stock \$.01 par value. Issued 131,062,825 shares at December 31, 2005.....	--	1
Additional paid-in capital.....	28,112	29,074
Accumulated other comprehensive earnings, net of taxes ("AOCE") (note 15).....	5,943	3,412
AOCE of discontinued operations.....	9	9
Accumulated deficit.....	(12,438)	(13,278)
	-----	-----
	21,633	19,245
	-----	-----
Series B common stock held in treasury, at cost (10,000,000 shares at December 31, 2005).....	--	(125)
	-----	-----
Total stockholders' equity.....	21,633	19,120
	-----	-----
Commitments and contingencies (note 17)		
Total liabilities and stockholders' equity.....	\$47,638	41,965
	=====	=====

</Table>

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* See note 5.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

<Table>

<Caption>

	2006	2005*	2004*
	-----	-----	-----
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		
<S>	<C>	<C>	<C>
Revenue:			
Net retail sales.....	\$7,326	6,501	5,687
Communications and programming services.....	1,287	1,145	1,056
	-----	-----	-----
	8,613	7,646	6,743
	-----	-----	-----
Operating costs and expenses:			
Cost of sales.....	4,565	4,112	3,594
Operating.....	1,526	1,397	1,160
Selling, general and administrative, including stock-based compensation (note 3).....	806	648	696
Litigation settlement.....	--	--	(42)
Depreciation.....	119	92	91
Amortization.....	463	453	456
Impairment of long-lived assets (note 3).....	113	--	--
	-----	-----	-----
	7,592	6,702	5,955
	-----	-----	-----
Operating income.....	1,021	944	788
Other income (expense):			
Interest expense.....	(680)	(626)	(619)
Dividend and interest income.....	214	143	130
Share of earnings of affiliates, net.....	91	13	15
Realized and unrealized gains (losses) on financial instruments, net (note 7).....	(279)	257	(1,284)
Gains (losses) on dispositions, net (notes 6, 11 and 15).....	607	(361)	1,411
Nontemporary declines in fair value of investments (note 6).....	(4)	(449)	(129)
Other, net.....	18	(39)	(26)
	-----	-----	-----
	(33)	(1,062)	(502)
	-----	-----	-----
Earnings (loss) from continuing operations before income taxes and minority interest.....	988	(118)	286
Income tax benefit (expense) (note 10).....	(252)	126	(159)
Minority interests in earnings of subsidiaries.....	(27)	(51)	(22)
	-----	-----	-----
Earnings (loss) from continuing operations.....	709	(43)	105
Earnings (loss) from discontinued operations, net of taxes (note 5).....	220	10	(59)
Cumulative effect of accounting change, net of taxes (note 3).....	(89)	--	--
	-----	-----	-----
Net earnings (loss).....	\$ 840	(33)	46
	=====	=====	=====
Net earnings (loss):			
Liberty Series A and Series B common stock.....	\$ 94	(33)	46
Liberty Capital common stock.....	260	--	--
Liberty Interactive common stock.....	486	--	--
	-----	-----	-----
	\$ 840	(33)	46
	=====	=====	=====
Basic and diluted earnings (loss) from continuing operations per common share (note 3):			
Liberty Series A and Series B common stock.....	\$.07	(.02)	.04
Liberty Capital common stock.....	\$.24	--	--
Liberty Interactive common stock.....	\$.73	--	--
Basic and diluted net earnings (loss) per common share (note 3):			
Liberty Series A and Series B common stock.....	\$.03	(.01)	.02
Liberty Capital common stock.....	\$ 1.86	--	--
Liberty Interactive common stock.....	\$.73	--	--

</Table>

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Balance at December 31, 2004.....	--	27	1	--	--
Net loss.....	--	--	--	--	--
Other comprehensive loss.....	--	--	--	--	--
Issuance of Series A common stock for investment in available-for-sale security.....	--	--	--	--	--
Amortization of deferred compensation.....	--	--	--	--	--
Distribution to stockholders for spin off of Discovery Holding Company ("DHC") (note 5).....	--	--	--	--	--
Losses in connection with issuances of stock by subsidiaries and affiliates, net of taxes.....	--	--	--	--	--
Issuance of common stock upon exercise of stock options.....	--	--	--	--	--
AT&T tax sharing agreement adjustments (note 17).....	--	--	--	--	--
Adjustment of spin off of LMI.....	--	--	--	--	--
Other.....	--	--	--	--	--
	-----	---	---	---	---
Balance at December 31, 2005.....	--	27	1	--	--
Net earnings.....	--	--	--	--	--
Other comprehensive earnings.....	--	--	--	--	--
Retirement of treasury stock.....	--	--	--	--	--
Distribution of Liberty Capital and Liberty Interactive common stock to stockholders (notes 1 and 2).....	--	(27)	(1)	1	--
Issuance of common stock upon exercise of stock options.....	--	--	--	--	--

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition.

RECEIVABLES

Receivables are reflected net of an allowance for doubtful accounts. Such allowance aggregated \$72 million and \$66 million at December 31, 2006 and 2005, respectively. A summary of activity in the allowance for doubtful accounts is as follows:

<Table>
<Caption>

	BALANCE	ADDITIONS		DEDUCTIONS-	BALANCE
	BEGINNING	CHARGED	ACQUISITIONS		
	OF YEAR	TO EXPENSE			YEAR
(AMOUNTS IN MILLIONS)					
<S>	<C>	<C>	<C>	<C>	<C>
2006.....	\$66	27	14	(35)	72
	===	===	===	===	===
2005.....	\$63	37	--	(34)	66
	===	===	===	===	===
2004.....	\$78	19	--	(34)	63
	===	===	===	===	===

</Table>

INVENTORY

Inventory, consisting primarily of products held for sale, is stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

PROGRAM RIGHTS

Program rights are amortized on a film-by-film basis over the anticipated number of exhibitions. Program rights payable are initially recorded at the estimated cost of the programs when the film is available for airing.

INVESTMENT IN FILMS AND TELEVISION PROGRAMS

Investment in films and television programs generally includes the cost of proprietary films and television programs that have been released, completed and not released, in production, and in development or pre-production. Capitalized costs include the acquisition of story rights, the development of stories, production labor, postproduction costs and allocable overhead and interest costs. Investment in films and television programs is stated at the lower of unamortized cost or estimated fair value on an individual film basis. Investment in films and television programs is amortized using the individual-film-forecast method, whereby the costs are charged to expense and participation and residual costs are accrued based on the proportion that current revenue from the films bear to an estimate of total revenue anticipated from all markets (ultimate revenue). Ultimate revenue estimates may not exceed ten years following the date of initial release or from the date of delivery of the first episode for episodic television series.

Estimates of ultimate revenue involve uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in management's future revenue estimates.

Investment in films and television programs in development or pre-production is periodically reviewed to determine whether they will ultimately be used in the production of a film. Costs of films in development or pre-production are charged to expense if the project is abandoned, or if the film has not been set for production within three years from the time of the first capitalized transaction.

The investment in films and television programs is reviewed for impairment on a title-by-title basis when an event or change in circumstances indicates that a film should be assessed. If the estimated fair value of a film is less than its unamortized cost, then the excess of unamortized costs over the estimated fair value is charged to expense.

Liberty accounts for its derivatives pursuant to Statement of Financial Accounting Standards No. 133, "ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" ("Statement 133") and related amendments and interpretations. All derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet

enterprise-level goodwill balance is allocated to various reporting units which include a single equity method investment as its only asset. This allocation is performed for goodwill impairment testing purposes only and does not change the reported carrying value of the investment. However, to the extent that all or a portion of an equity method investment which is part of a reporting unit containing allocated goodwill is disposed of in the future, the allocated portion of goodwill will be relieved and included in the calculation of the gain or loss on disposal.

The Company determines the fair value of its reporting units using independent appraisals, public trading prices and other means. The Company then compares the fair value of each reporting unit to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, the Company compares the implied fair value of the reporting unit's goodwill, determined by allocating the reporting unit's fair value to all of its assets (recognized and unrecognized) and liabilities in a manner similar to a purchase price allocation, to its carrying amount, and records an impairment charge to the extent the carrying amount exceeds the implied fair value.

GOODWILL

Changes in the carrying amount of goodwill are as follows:

<Table>
<Caption>

	QVC	STARZ ENTERTAINMENT	OTHER	TOTAL
	(AMOUNTS IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Balance at January 1, 2005.....	\$5,264	1,383	156	6,803
Foreign currency translation adjustments.....	23	--	--	23
Other.....	(14)	--	(3)	(17)
Balance at December 31, 2005.....	5,273	1,383	153	6,809
Acquisitions(1).....	5	--	878	883
Disposition(2).....	--	--	(124)	(124)
Impairment(3).....	--	--	(111)	(111)
Foreign currency translation adjustments.....	60	--	--	60
Other(4).....	78	(12)	5	71
Balance at December 31, 2006.....	\$5,416	1,371	801	7,588

</Table>

- (1) During the year ended December 31, 2006, Liberty and its subsidiaries completed several acquisitions, including the acquisition of controlling interests in Provide, FUN, BuySeasons and IDT Entertainment, Inc., for aggregate cash consideration of \$876 million, net of cash acquired, the issuance of Liberty common stock and the assumption of debt. In connection with these acquisitions, Liberty recorded goodwill of \$883 million which represents the difference between the consideration paid and the estimated fair value of the assets acquired. Such goodwill is subject to adjustment pending completion of the Company's purchase price allocation process, including finalization of third-party valuations.
- (2) During the second quarter of 2006, the Company sold its 50% interest in Courtroom Television Network, LLC ("Court TV"). In connection with such sale, the Company relieved \$124 million of enterprise-level goodwill that had been allocated to the Court TV investment.
- (3) Liberty acquired its interest in FUN in March 2006. Subsequent to its acquisition, the market value of FUN's stock has declined significantly due to the performance of certain of FUN's subsidiaries

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and uncertainty surrounding government legislation of Internet gambling which Liberty believes the market perceives as potentially impacting FUN's skill gaming business. In connection with its annual evaluation of the recoverability of FUN's goodwill, Liberty received a third-party valuation, which indicated that the carrying value of FUN's goodwill exceeded its

Goodwill represent the difference between the price paid for such minority interest and the carrying amount of the minority interest less amounts allocated to other intangible assets.

INTANGIBLE ASSETS SUBJECT TO AMORTIZATION

Intangible assets subject to amortization are comprised of the following:

	DECEMBER 31, 2006			DECEMBER 31, 2005		
	GROSS CARRYING AMOUNT	NET ACCUMULATED AMORTIZATION	GROSS CARRYING AMOUNT	CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
(AMOUNTS IN MILLIONS)						
Distribution rights.....	\$2,699	(981)	1,718	2,628	(788)	1,840
Customer relationships.....	2,545	(581)	1,964	2,356	(393)	1,963
Other.....	699	(471)	228	543	(371)	172
Total.....	\$5,943	(2,033)	3,910	5,527	(1,552)	3,975

</Table>

Amortization of intangible assets with finite useful lives was \$463 million, \$453 million and \$456 million for the years ended December 31, 2006, 2005 and 2004, respectively. Based on its amortizable intangible assets as of December 31, 2006, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2007.....	\$462
2008.....	\$430
2009.....	\$389
2010.....	\$363
2011.....	\$352

</Table>

IMPAIRMENT OF LONG-LIVED ASSETS

Statement 144 requires that the Company periodically review the carrying amounts of its property and equipment and its intangible assets (other than goodwill) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be generated by such asset, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such assets exceeds their fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets. Accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

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unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings in stockholders' equity.

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in the accompanying consolidated statements of operations and comprehensive earnings as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions.

REVENUE RECOGNITION

Revenue is recognized as follows:

- Revenue from retail sales is recognized at the time of shipment to customers. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns for the years ended December 31, 2006, 2005 and 2004 aggregated \$1,554 million, \$1,375 million and \$1,165 million, respectively.
- Programming revenue is recognized in the period during which programming is provided, pursuant to affiliation agreements.
- Revenue from sales and licensing of software and related service and maintenance is recognized pursuant to Statement of Position No. 97-2, "SOFTWARE REVENUE RECOGNITION." For multiple element contracts with vendor specific objective evidence, the Company recognizes revenue for each specific element when the earnings process is complete. If vendor specific objective evidence does not exist, revenue is deferred and recognized on a straight-line basis over the remaining term of the maintenance period after all other elements have been delivered.
- Revenue relating to proprietary films is recognized in accordance with Statement of Position (SOP) 00-02, ACCOUNTING BY PRODUCERS OR DISTRIBUTORS OF FILMS. Revenue from the theatrical release of feature films is recognized at the time of exhibition based on the Company's participation in box office receipts. Revenue from television licensing is recognized when the film or program is complete in accordance with the terms of the arrangement, the license period has begun and is available for telecast or exploitation.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

COST OF SALES

Cost of sales primarily includes actual product cost, provision for obsolete inventory, buying allowances received from suppliers, shipping and handling costs and warehouse costs.

ADVERTISING COSTS

Advertising costs generally are expensed as incurred. Advertising expense aggregated \$112 million, \$45 million and \$47 million for the years ended December 31, 2006, 2005 and 2004, respectively. Co-operative marketing costs are recognized as advertising expense to the extent an identifiable benefit is received and fair value of the benefit can be reasonably measured. Otherwise, such costs are recorded as a reduction of revenue.

STOCK-BASED COMPENSATION

FASB STATEMENT 123R

As more fully described in note 13, the Company has granted to its employees and employees of its subsidiaries options, stock appreciation rights ("SARs") and options with tandem SARs to purchase shares of Liberty common stock (collectively, "Awards"). In addition, QVC had granted combination stock options/SARs ("QVC Awards") to certain of its employees. In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123 (revised 2004), "SHARE-BASED PAYMENT" ("Statement 123R"). Statement 123R, which is a revision of Statement of Financial Accounting Standards No. 123, "ACCOUNTING FOR STOCK-BASED COMPENSATION" ("Statement 123") and supersedes Accounting Principles Board Opinion No. 25, "ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES" ("APB Opinion No. 25"), establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on transactions in which an entity obtains employee services. Statement 123R generally requires companies to measure the cost of employee services received in exchange for an award of

equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the award, and to recognize that cost over the period during which the employee is required to provide service (usually the vesting period of the award). Statement 123R also requires companies to measure the cost of employee services received in exchange for an award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the award, and to remeasure the fair value of the award at each reporting date.

The provisions of Statement 123R allow companies to adopt the standard using the modified prospective method or to restate all periods for which Statement 123 was effective. Liberty has adopted Statement 123R using the modified prospective method.

The Company adopted Statement 123R effective January 1, 2006. In connection with such adoption, the Company recorded an \$89 million transition adjustment, which is net of related income taxes of \$31 million. Under Statement 123R, the QVC Awards were required to be bifurcated into a liability award and an equity award. Previously, under APB Opinion No. 25, no liability was recorded. The transition adjustment primarily represents the fair value of the liability portion of the QVC Awards at January 1, 2006. The transition adjustment is reflected in the accompanying consolidated statement of operations as the cumulative effect of an accounting change. Also, in connection with the adoption of Statement 123R, the Company has eliminated its unearned compensation balance as of January 1, 2006.

Add stock compensation as determined under the intrinsic value method, net of taxes.....	2	2
Deduct stock compensation as determined under the fair value method, net of taxes.....	(42)	(41)
	-----	---
Pro forma earnings (loss) from continuing operations.....	\$ (83)	66
	=====	===
Basic and diluted earnings (loss) from continuing operations per share:		
As reported.....	\$ (.02)	.04
Pro forma.....	\$ (.03)	.02

IMPACT OF SPIN OFF TRANSACTIONS

In connection with the spin off of Liberty subsidiaries Liberty Media International ("LMI") and Discovery Holding Company ("DHC") in 2004 and 2005, respectively, certain employees of Liberty

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

received LMI and DHC options. Liberty records compensation expense related to these awards based on the grant date fair value over the remaining vesting period.

INCOME TAXES

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more-likely-than-not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in income in the period that includes the enactment date.

EARNINGS (LOSS) PER COMMON SHARE

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

LIBERTY SERIES A AND SERIES B COMMON STOCK

The basic EPS calculation is based on 2,803 million weighted average outstanding shares of Liberty common stock for the period from January 1, 2006 to May 10, 2006, and 2,795 million and 2,856 million weighted average shares outstanding for the years ended December 31, 2005 and 2004, respectively. The diluted EPS calculation for the period from January 1, 2006 to May 10, 2006 and for the year ended December 31, 2004 includes 5 million and 14 million dilutive securities, respectively. However, due to the relative insignificance of these dilutive securities, their inclusion does not impact the EPS amount as reported in the accompanying consolidated statements of operations.

The cumulative effect of accounting change per common share for the period from January 1, 2006 to May 10, 2006 was a loss of \$0.03.

Earnings (loss) from tuac

In June 2006

The sale was consummated on January 16, 2007. OPTV was attributed to the Capital Group.

SALE OF ASCENT ENTERTAINMENT GROUP, INC.

In December 2006, Liberty entered into an agreement with an unaffiliated third party to sell Liberty's 100% ownership interest in Ascent Entertainment Group, Inc. ("AEG") for \$332 million in cash and 2.05 million shares of common stock of the buyer valued at approximately \$50 million. AEG's primary operating subsidiary is On Command Corporation. Consummation of the transaction is subject to customary closing conditions, including regulatory approval, and is expected to occur in mid-2007. Subsequent to the closing, if consummated, Liberty would own approximately 9.9% of the buyer's outstanding common stock. AEG was attributed to the Capital Group.

SPIN OFF OF DISCOVERY HOLDING COMPANY

On July 21, 2005 (the "DHC Spin Off Date"), Liberty completed the spin off (the "DHC Spin Off") of DHC to its shareholders. The DHC Spin Off was effected as a dividend by Liberty to holders of its Series A and Series B common stock of shares of DHC Series A and Series B common stock, respectively. Holders of Liberty common stock on July 15, 2005 received 0.10 of a share of DHC Series A common stock for each share of Liberty Series A common stock owned and 0.10 of a share of DHC Series B common stock for each share of Liberty Series B common stock owned. The DHC Spin Off did not involve the payment of any consideration by the holders of Liberty common stock and is intended to qualify as a tax-free transaction. At the time of the DHC Spin Off, DHC's assets were

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

comprised of Liberty's 100% ownership interest in Ascent Media Group, LLC, Liberty's 50% ownership interest in Discovery Communications, Inc. and \$200 million in cash.

Following the DHC Spin Off, DHC and Liberty operate independently, and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the DHC Spin Off, DHC and Liberty entered into certain agreements in order to govern certain of the ongoing relationships between Liberty and DHC after the DHC Spin Off and to provide for an orderly transition. These agreements include a Reorganization Agreement, a Facilities and Services Agreement, a Tax Sharing Agreement and a Short-Term Credit Facility.

The DHC Reorganization Agreement provides for, among other things, the principal corporate transactions required to effect the DHC Spin Off and cross indemnities. Pursuant to the DHC Facilities and Services Agreement, Liberty provides DHC with office space and certain general and administrative services including legal, tax, accounting, treasury, engineering and investor relations support. DHC reimburses Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services and for DHC's allocable portion of facilities costs and costs associated with any shared services or personnel.

Under the DHC Tax Sharing Agreement, Liberty generally is responsible for U.S. federal, state and local and foreign income taxes owing with respect to consolidated returns which include both Liberty and DHC. DHC is responsible for all other taxes with respect to returns which include DHC, but do not include Liberty whether accruing before, on or after the DHC Spin Off. The DHC Tax Sharing Agreement requires that DHC will not take, or fail to take, any action where such action, or failure to act, would be inconsistent with or prohibit the DHC Spin Off from qualifying as a tax-free transaction. Moreover, DHC has indemnified Liberty for any loss resulting from such action or failure to act, if such action or failure to act precludes the DHC Spin Off from qualifying as a tax-free transaction.

SPIN OFF OF LIBERTY MEDIA INTERNATIONAL, INC.

On June 7, 2004 (the "LMI Spin Off Date"), Liberty completed the spin off (the "LMI Spin Off") of its wholly-owned subsidiary, Liberty Media International, Inc., to its shareholders. Substantially all of the assets and businesses of LMI were attributed to Liberty's former International Group segment. In connection with the LMI Spin Off, holders of Liberty common stock on June 1, 2004 received 0.05 of a share of LMI Series A common stock for each share of Liberty Series A common stock owned and 0.05 of a share of LMI Series B common stock for each share of Liberty Series B common stock owned. The LMI Spin Off is intended to qualify as a tax-free spin off. For accounting purposes, the LMI Spin Off is deemed to have occurred on June 1, 2004, and no gain or loss was recognized by Liberty in connection with the LMI Spin Off due to the pro rata nature of the distribution.

Following the LMI Spin Off, LMI and Liberty operate independently. In

connection with the LMI Spin Off, LMI and Liberty entered into certain agreements in order to govern certain of the ongoing relationships between Liberty and LMI after the LMI Spin Off and to provide for an orderly transition. These agreements include a Reorganization Agreement and a Tax Sharing Agreement.

The LMI Reorganization Agreement provided for, among other things, the principal corporate transactions required to effect the LMI Spin Off and cross indemnities.

Under the LMI Tax Sharing Agreement, Liberty generally is responsible for U.S. federal, state and local and foreign income taxes owing with respect to consolidated returns which include both Liberty

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

and LMI. LMI is responsible for all other taxes with respect to returns which include LMI, but do not include Liberty whether accruing before, on or after the LMI Spin Off. The LMI Tax Sharing Agreement requires that LMI will not take, or fail to take, any action where such action, or failure to act, would be inconsistent with or prohibit the LMI Spin Off from qualifying as a tax-free transaction. Moreover, LMI has indemnified Liberty for any loss resulting from such action or failure to act, if such action or failure to act precludes the LMI Spin Off from qualifying as a tax-free transaction.

In the third quarter of 2005, Liberty filed its 2004 tax return and adjusted the amount of net operating loss and capital loss carryforwards allocated to LMI. Such adjustment resulted in an increase to Liberty's deferred income tax liabilities and a reduction of additional paid-in capital of \$28 million.

DMX MUSIC

During the fourth quarter of 2004, the executive committee of the board of directors of Liberty approved a plan to dispose of Liberty's approximate 56% ownership interest in Maxide Acquisition, Inc. (d/b/a DMX Music, "DMX"). On February 14, 2005, DMX commenced proceedings under Chapter 11 of the United States Bankruptcy Code. DMX entered into an arrangement, subject to the approval by the Bankruptcy Court, to sell substantially all of its operating assets to an independent third party. On May 16, 2005, the Bankruptcy Court entered a written order approving the transaction, and the sale transaction was completed. As a result of the DMX Bankruptcy filing, Liberty deconsolidated DMX effective December 31, 2004. In connection with its decision to dispose of its ownership interest, Liberty recognized a \$23 million impairment loss to write down the carrying value of the net assets of DMX to their estimated fair value based upon the aforementioned arrangement to sell the assets. Such loss has been included in loss from discontinued operations in the accompanying consolidated financial statements for the year ended December 31, 2004.

The consolidated financial statements and accompanying notes of Liberty have been prepared reflecting OPTV, AEG, DHC, LMI and DMX as discontinued operations. Accordingly, the assets and liabilities, revenue, costs and expenses, and cash flows of these subsidiaries have been excluded from the respective captions in the accompanying consolidated balance sheets, statements of operations, statements of comprehensive earnings (loss) and statements of cash flows and have been reported separately in such consolidated financial statements.

Certain combined statement of operations information for OPTV, AEG, DHC, LMI and DMX, which is included in earnings (loss) from discontinued operations, is as follows:

<Table>

<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004

	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Revenue.....	\$335	704	2,081
Loss before income taxes and minority interests.....	\$(30)	(1)	(159)

</Table>

Liberty's tax basis in the common stock of each of OPTV and AEG as of December 31, 2006 exceeds their respective carrying amounts reported for financial reporting purposes. As of December 31, 2006, Liberty has recognized a deferred tax asset of \$236 million for this excess tax basis with an offsetting deferred tax benefit, which is included in earnings from discontinued operations in the accompanying consolidated statement of operations. In 2004, Liberty recognized a similar deferred tax benefit of \$38 million related to its tax

<S>	<C>	<C>	<C>	<C>	
Gross unrealized holding gains.....	\$9,335	--	5,459	17	
Gross unrealized holding losses.....	\$ (1)	--	(27)	--	

The aggregate fair value of securities with unrealized holding losses at December 31, 2006 was \$6 million. None of these securities had unrealized losses for more than 12 continuous months.

(7) FINANCIAL INSTRUMENTS

The Company's financial instruments are summarized as follows:

<Table>
<Caption>

TYPE OF DERIVATIVE	DECEMBER 31,	
	2006	2005
	(AMOUNTS IN MILLIONS)	
	<C>	<C>
ASSETS		
Equity collars.....	\$1,218	1,568
Put spread collars.....	--	133
Other.....	361	83
	1,579	1,784
Less current portion.....	(239)	(661)
	\$1,340	1,123
	=====	=====
LIABILITIES		
Borrowed shares.....	\$1,482	1,581
Exchangeable debenture call option obligations.....	1,280	927
Put options.....	--	342
Equity collars.....	416	160
Other.....	12	16
	3,190	3,026
Less current portion.....	(1,484)	(1,939)
	\$1,706	1,087
	=====	=====

</Table>

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

EQUITY COLLARS AND PUT OPTIONS

The Company has entered into equity collars, written put and call options and other financial instruments to manage market risk associated with its investments in certain marketable securities. These instruments are recorded at fair value based on option pricing models. Equity collars provide the Company with a put option that gives the Company the right to require the counterparty to purchase a specified number of shares of the underlying security at a specified price at a specified date in the future. Equity collars also provide the counterparty with a call option that gives the counterparty the right to purchase the same securities at a specified price at a specified date in the future. The put option and the call option generally have equal fair values at the time of origination resulting in no cash receipts or payments.

BORROWED SHARES

From time to time and in connection with certain of its derivative instruments, Liberty borrows shares of the underlying securities from a counterparty and delivers these borrowed shares in settlement of maturing derivative positions. In these transactions, a similar number of shares that are owned by Liberty have been posted as collateral with the counterparty. These share borrowing arrangements can be terminated at any time at Liberty's option by delivering shares to the counterparty. The counterparty can terminate these arrangements at any time. The liability under these share borrowing arrangements is marked to market each reporting period with changes in value recorded in unrealized gains or losses in the consolidated statement of operations. The shares posted as collateral under these arrangements continue to be treated as AFS securities and are marked to market each reporting period with changes in value recorded as unrealized gains or losses in other comprehensive earnings.

EXCHANGEABLE DEBENTURE CALL OPTION OBLIGATIONS

Liberty has issued senior exchangeable debentures which are exchangeable for the value of a specified number of shares of Sprint and Embarq Corporation common stock, Motorola common stock, Viacom Class B and CBS Corporation Class B common stock or Time Warner common stock, as applicable. (See note 9 for a more complete description of the exchangeable debentures.)

Under Statement 133, the call option feature of the exchangeable debentures is reported separately from the long-term debt portion in Liberty's consolidated balance sheets at fair value. Changes in the fair value of the call option obligations are recognized as unrealized gains (losses) on derivative instruments in Liberty's consolidated statements of operations.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

REALIZED AND UNREALIZED GAINS (LOSSES) ON FINANCIAL INSTRUMENTS

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

<Table>
<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004
	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Exchangeable debenture call option obligations.....	\$(353)	172	(129)
Equity collars.....	(59)	311	(941)
Borrowed shares.....	(32)	(205)	(227)
Put options.....	--	(66)	2
Other derivatives.....	165	45	11
	-----	-----	-----
	\$(279)	257	(1,284)
	=====	=====	=====

</Table>

(8) INVESTMENTS IN AFFILIATES ACCOUNTED FOR USING THE EQUITY METHOD

Liberty has various investments accounted for using the equity method. The following table includes Liberty's carrying amount and percentage ownership of the more significant investments in affiliates at December 31, 2006 and the carrying amount at December 31, 2005:

<Table>
<Caption>

	DECEMBER 31,		DECEMBER 31,	
	2006		2005	
	PERCENTAGE OWNERSHIP	CARRYING AMOUNT	CARRYING AMOUNT	
	(DOLLAR AMOUNTS IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>
Expedia.....	21%	\$1,254	1,213	
GSN.....	50%	253	255	
Court TV.....	N/A	--	297	
Other.....	various	335	143	
		-----	-----	
		\$1,842	1,908	
		=====	=====	

</Table>

EXPEDIA

IAC completed the spin off of Expedia on August 9, 2005. Accordingly, the Company recorded its share of earnings of Expedia for the five months ended December 31, 2005. The fair value of the

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

Company's investment in Expedia was \$1,452 million and \$1,659 million at

December 31, 2006 and 2005, respectively. Summarized unaudited financial information for Expedia is as follows:

CONSOLIDATED BALANCE SHEETS

<Table>
<Caption>

	DECEMBER 31,	
	2006	2005
	(AMOUNTS IN MILLIONS)	
<S>	<C>	<C>
Current assets.....	\$1,183	590
Property and equipment.....	137	91
Goodwill.....	5,861	5,860
Intangible assets.....	1,029	1,177
Other assets.....	59	39
	-----	-----
Total assets.....	\$8,269	7,757
	=====	=====
Current liabilities.....	\$1,400	1,438
Deferred income taxes.....	369	369
Other liabilities.....	534	144
Minority interest.....	62	72
Stockholders' equity.....	5,904	5,734

17.....1.A	

Deferred tax assets.....	-----	-----	
	1,034	1,002	
Valuation allowance.....	(93)	(155)	
	-----	(155)

PREFERRED STOCK

Liberty's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Liberty's Board of Directors. As of December 31, 2006, no shares of preferred stock were issued.

COMMON STOCK

Liberty's Capital Series A common stock and Interactive Series A common stock each has one vote per share, and its Capital Series B common stock and Interactive Series B common stock each has ten votes per share. Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock of the same group.

As of December 31, 2006, there were 2.3 million and 1.5 million shares of Liberty Capital Series A common stock and Series B common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

As of December 31, 2006, there were 21.5 million and 7.5 million shares of Liberty Interactive Series A common stock and Series B common stock, respectively, reserved for issuance under exercise privileges of outstanding stock options.

In addition to the Liberty Capital Series A and Series B common stock and the Liberty Interactive Series A and Series B common stock, there are 300 million and 1,500 million shares of Liberty Capital Series C and Liberty Interactive Series C common stock, respectively, authorized for issuance. As of December 31, 2006, no shares of either Series C common stock were issued or outstanding.

Music contribution agreement, to which Comcast succeeded as part of its acquisition of AT&T Broadband in November of 2002. In connection with this transaction, Liberty recognized a pre-tax gain on disposition of assets of \$387 million.

During 2004, Liberty entered into zero-strike call spreads ("Z-Call") with respect to six million shares of its Series A common stock. Liberty net cash settled all of its Z-calls during the first quarter of 2005 for net cash proceeds of \$63 million, which primarily represented the return of collateral posted by Liberty in 2004. Liberty accounts for the Z-Calls pursuant to Statement No. 150. Changes in the fair value of the Z-Calls are included in realized and unrealized gains (losses) on derivative instruments in the accompanying consolidated statement of operations.

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

(12) TRANSACTIONS WITH OFFICERS AND DIRECTORS

CHAIRMAN'S EMPLOYMENT AGREEMENT

The Chairman's employment agreement provides for, among other things, deferral of a portion (not in excess of 40%) of the monthly compensation payable to him for all employment years commencing on or after January 1, 1993. The deferred amounts will be payable in monthly installments over a 20-year period commencing on the termination of the Chairman's employment, together with interest thereon at the rate of 8% per annum compounded annually from the date of deferral to the date of payment. The aggregate liability under this arrangement at December 31, 2006 is \$2.0 million, and is included in other liabilities in the accompanying consolidated balance sheet.

The Chairman's employment agreement also provides that in the event of termination of his employment with Liberty, he will be entitled to receive 240 consecutive monthly payments equal to \$15,000 increased at the rate of 12% per annum compounded annually from January 1, 1988 to the date payment commences (\$115,350 per month as of December 31, 2006). Such payments would commence on the first day of the month succeeding the termination of employment. In the event of the Chairman's death, his beneficiaries would be entitled to receive the foregoing monthly payments. The aggregate liability under this arrangement at December 31, 2006 is \$27.7 million, and is included in other liabilities in the accompanying consolidated balance sheet.

The Company's Chairman deferred a portion of his monthly compensation under his previous employment agreement with Tele-Communications, Inc. ("TCI"). The Company assumed the obligation to pay that deferred compensation in connection with the TCI/AT&T Merger in 1999. The deferred obligation (together with interest at the rate of 13% per annum compounded annually), which aggregated \$15.7 million at December 31, 2006 and is included in other liabilities in the accompanying consolidated balance sheets, is payable on a monthly basis, following the occurrence of specified events, under the terms of the previous employment agreement. The rate at which interest accrues on the deferred obligation was established in 1983 pursuant to the previous employment agreement.

OTHER

In September 2000, certain officers of Liberty purchased a 6% common stock interest in a subsidiary for \$1.3 million. Such subsidiary owned an indirect interest in an entity that held certain of Liberty's investments in satellite and technology related assets. Liberty and the officers entered into a shareholders agreement in which the officers could require Liberty to purchase, after five years, all or part of their common stock interest in exchange for Liberty Series A stock at the then fair market value. In addition, Liberty had the right to purchase, in exchange for Liberty Series A common stock, the common stock interests held by the officers at fair market value at any time. During 2001, two of the officers resigned their positions with the Company, and the Company purchased their respective interests in the subsidiary for the original purchase price plus 6% interest. In December 2005, Liberty redeemed all of the remaining shares of common stock of the subsidiary from the officers for aggregate cash proceeds of \$80.

(13) STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

LIBERTY--INCENTIVE PLANS

Pursuant to the Liberty Media Corporation 2000 Incentive Plan, as amended from time to time (the "Liberty Incentive Plan"), the Company has granted to certain of its employees stock options,

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LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

SARs and stock options with tandem SARs (collectively, "Awards") to purchase shares of Liberty Capital and Liberty Interactive Series A and Series B common stock. The Liberty Incentive Plan provides for Awards to be made in respect of a maximum of mondby

related liability. Such difference has been reflected as a reduction to stock-based compensation in the accompanying consolidated statement of operations. The aggregate credit to stock-based compensation for the Exchange Offer and the Tender Offer was \$24 million. Subsequent to the completion of the foregoing transactions, Liberty owns 100% of the equity of QVC.

STARZ ENTERTAINMENT

Starz Entertainment has outstanding Phantom Stock Appreciation Rights ("PSARS") held by its former chief executive officer. Such PSARS are fully vested and expire on October 17, 2011, and Starz Entertainment has accrued \$130 million as of December 31, 2006 related to the PSARS. Such amount is payable in cash, Liberty common stock or a combination thereof. In December 2005, Starz Entertainment terminated a second PSAR plan for certain of its other executive officers and made cash payments aggregating \$7 million upon termination.

OTHER

Certain of the Company's other subsidiaries have stock based compensation plans under which employees and non-employees are granted options or similar stock based awards. Awards made under these plans vest and become exercisable over various terms. The awards and compensation recorded, if any, under these plans is not significant to Liberty.

(14) EMPLOYEE BENEFIT PLANS

Liberty is the sponsor of the Liberty Media 401(k) Savings Plan (the "Liberty 401(k) Plan"), which provides its employees and the employees of certain of its subsidiaries an opportunity for ownership in the Company and creates a retirement fund. The Liberty 401(k) Plan provides for employees to make contributions to a trust for investment in Liberty common stock, as well as several mutual funds. The Company and its subsidiaries make matching contributions to the Liberty 401(k) Plan based on a percentage of the amount contributed by employees. In addition, certain of the Company's subsidiaries have similar employee benefit plans.

Method investment of Liberty, and \$186 million, net of income taxes, of foreign currency translation losses related to Telewest Global, Inc. ("Telewest"), another former equity method investment of Liberty. In the first quarter of 2005, Liberty disposed of its interests in Cablevision and Telewest. Accordingly, Liberty recognized in its statement of operations \$488 million of foreign currency translation losses (before income tax benefits) related to Cablevision and Telewest that were previously included in accumulated other

LIBERTY BELLS INC. 10/10/05 Liberty's losses not been included in its return.)
In 2004, Liberty estimated that it may ultimately pay AT&T up to \$30 million of
the requested \$70 million because Liberty believed AT&T received an AMT credit
of \$40 million against income taxes resulting from the AMT previously paid.
Accordingly, Liberty accrued a \$30 million liability with an offsetting
reduction of additional paid-in capital. The net effect of the completion of the
IRS tax audit noted above (including the benefit derived from AT&T for the
utilization of the SRLY NOLs) and Liberty's accrual of amounts due to AT&T was
an increase to deferred tax assets and an increase to other liabilities.

In the fourth quarter of 2005, AT&T requested an additional \$21 million
relating to additional losses it generated and was able to carry back to offset
taxable income previously offset by Liberty's losses. In addition, the
information provided to Liberty in connection with AT&T's request showed that
AT&T had not yet claimed a credit for AMT previously paid. Accordingly, in the
fourth quarter of 2005, Liberty increased its accrual by approximately
\$40 million (with a corresponding reduction of additional paid-in capital)
representing its estimate of the amount it may ultimately pay (excluding accrued
interest) to AT&T as a result of this request. Although Liberty has not
reduced its accrual for any future refunds, Liberty believes it is entitled to a
refund when AT&T is able to realize a benefit in the form of a credit for the
AMT previously paid.

In March 2006, AT&T requested an additional million per)

Consolidated Liberty.....	----- \$47,638 =====	----- 1,842 =====	----- 41,965 =====	----- 1,908 =====
---------------------------	----------------------------	-------------------------	--------------------------	-------------------------

</Table>

<Page>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006, 2005 AND 2004

The following table provides a reconciliation of segment operating cash flow to earnings (loss) from continuing operations before income taxes and minority interest:

<Table>
<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004

	(AMOUNTS IN MILLIONS)		
	<C>	<C>	<C>
Consolidated segment operating cash flow.....	\$1,783	1,541	1,391
Stock-based compensation.....	(67)	(52)	(98)
Litigation settlement.....	--	--	42
Depreciation and amortization.....	(582)	(545)	(547)
Impairment of long-lived assets.....	(113)	--	--
Interest expense.....	(680)	(626)	(619)
Realized and unrealized gains (losses) on derivative instruments, net.....	(279)	257	(1,284)
Gains (losses) on dispositions, net.....	607	(361)	1,411
Nontemporary declines in fair value of investments.....	(4)	(449)	(129)
Other, net.....	323	117	119
	-----	-----	-----
Earnings (loss) from continuing operations before income taxes and minority interest.....	\$ 988	(118)	286
	=====	=====	=====

</Table>

REVENUE BY GEOGRAPHIC AREA

Revenue by geographic area based on the location of customers is as follows:

<Table>
<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004

	(AMOUNTS IN MILLIONS)		
	<C>	<C>	<C>
United States.....	\$6,504	5,784	5,194
Germany.....	848	781	643
Other foreign countries.....	1,261	1,081	906
	-----	-----	-----
Consolidated Liberty.....	\$8,613	7,646	6,743
	=====	=====	=====

</Table>

LONG-LIVED ASSETS BY GEOGRAPHIC AREA

<Table>
<Caption>

DECEMBER 31,	
2006	2005

(AMOUNTS IN	

DECEMBER 31, 2006, 2005 AND 2004

(19) QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

<Table>
<Caption>

	1ST QUARTER -----	2ND QUARTER -----	3RD QUARTER -----	4TH QUARTER -----
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)			
<S>	<C>	<C>	<C>	<C>
2006:				
Revenue.....	\$1,901	2,025	2,016	2,671
	=====	=====	=====	=====
Operating income.....	\$ 224	257	236	304
	=====	=====	=====	=====
Earnings from continuing operations.....	\$ 69	482	63	95
	=====	=====	=====	=====
Net earnings less.....				
Series A and Series B common stock in.....i...\$.6i...\$. (26i		120:f et erni		

- Signature pages thereof (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-4 of Old Liberty (File No. 333-86491) as filed on September 3, 1999, the "Old Liberty S-4 Registration Statement").
- 10.2 Ninth Supplement to Inter-Group Agreement dated as of June 14, 2001, between and among AT&T Corp., on the one hand, and Old Liberty, Liberty Media Group LLC, AGI LLC, Liberty SP, Inc., LMC Interactive, Inc. and Liberty AGI, Inc., on the other hand (incorporated by reference to Exhibit 10.25 to the Registration Statement on Form S-1 of Old Liberty (File No. 333-66034) as filed on July 27, 2001).
- 10.3 Intercompany Agreement dated as of March 9, 1999, between Old Liberty and AT&T Corp. (incorporated by reference to Exhibit 10.3 to the Old Liberty S-4 Registration Statement).
- 10.4 Tax Sharing Agreement dated as of March 9, 1999, by and among AT&T Corp., Old Liberty, Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc. and each Covered Entity listed on the signature pages thereof (incorporated by reference to Exhibit 10.4 to the Old Liberty S-4 Registration Statement).
- 10.5 First Amendment to Tax Sharing Agreement dated as of May 28, 1999, by and among AT&T Corp., Old Liberty, ~~Tele-Communications, Inc., Liberty Ventures Group LLC, Liberty Media Group LLC, TCI Starz, Inc., TCI CT Holdings, Inc.~~ and each Covered Entity listed on the signature pages thereof (incorporated by reference to Exhibit 10.5 to the Old Liberty S-4 Registration Statement).

Liber TCI CT

Director Plan (incorporated by reference to Exhibit 10.21 to the Old Liberty 2005 10-K).

10.24 Liberty Media Corporation 2006 Deferred Compensation Plan (incorporated by reference to Exhibit 99.1 to Liberty's Current Report on Form 8-K (File No. 000-51990) as filed on January 5, 2007).

10.25 Letter Agreement, dated as of Mas

to time (incorporated by reference to Exhibit 99.1 to the October 2006 8-K).

- 10.37 Form of Indemnification Agreement between Liberty and its executive officers/directors.*
- 10.38 Share Exchange Agreement, dated as of December 22, 2006, by and between News Corporation and Liberty (the "News Agreement").*
- 10.39 Tax Matters Agreement, dated as of December 22, 2006, by and between News Corporation and Liberty (which is Exhibit A-I to the News Agreement).*
- 21 Subsidiaries of Liberty Media Corporation.*
- 23 Consent of KPMG LLP.*
- 31.1 Rule 13a-14(a)/15d--14(a) Certification.*
- 31.2 Rule 13a-14(a)/15d--14(a) Certification.*
- 31.3 Rule 13a-14(a)/15d--14(a) Certification.*
- 32 Section 1350 Certification.*
- 99.1 Unaudited Attributed Financial Information for Tracking Stock Groups.*

</Table>

- - - - -

* Filed herewith.

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<Page>

SIGNATURES

Pursuant to the ...-Efile

/s/ M. LAVOY ROBISON ----- M. LaVoy Robison	Director	March 1, 2007
/s/ LARRY E. ROMRELL ----- Larry E. Romrell	Director	March 1, 2007
/s/ DAVID J.A. FLOWERS ----- David J.A. Flowers	Senior Vice President and Treasurer (Principal Financial Officer)	March 1, 2007
/s/ CHRISTOPHER W. SHEAN ----- Christopher W. Shean	Senior Vice President and Controller (Principal Accounting Officer)	March 1, 2007

QVC, Wachovia Bank, N.A., as Administrative Agent, Bank of America N.A. and J.P. Morgan Securities Inc., as Syndication Agents, and the lenders party thereto from time to time (incorporated by reference to Exhibit 99.1 to the October 2006 8-K).

10.37 Form of Indemnification Agreement between Liberty and its executive officers/directors.*

10.38 Share Exchange Agreement, dated as of December 22, 2006, by and between News Corporation and Liberty (the "News Agreement").*

10.39 Tax Matters Agreement, dated as of December 22, 2006, by and between News Corporation and Liberty (which is Exhibit A-I to the News Agreement).*

21--Subsidiaries of Liberty Media Corporation.*

23--Consent of KPMG LLP.*

31.1 Rule 13a-14(a)/15d--14(a) Certification.*

31.2 Rule 13a-14(a)/15d--14(a) Certification.*

31.3 Rule 13a-14(a)/15d--14(a) Certification.*

32 Section 1350 Certification.*

99.1 Unaudited Attributed Financial Information for Tracking Stock Groups.*

- -----

* Filed herewith.

rights offering to purchase such series of Common Stock or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, adjustments with respect to which shall be governed by Section 11.1(b)) affects any series of Common Stock so that an adjustment is required to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee, in its sole discretion and in such manner as the Committee deems equitable and appropriate, shall make such adjustments to any or all of (i) the number and kind of shares of stock which thereafter may be awarded, optioned or otherwise made subjⁿsactictiany or all all a

Stock issuable upon such exercise of the Option, (vi) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, or (vii) any combination of the foregoing methods of payment, or such other consideration and method of payment as may be permitted for the issuance of shares under the Delaware General Corporation Law. The permitted method or methods of payment of the amounts payable upon exercise of an Option, if other than in cash, shall be set forth in the applicable Agreement and may

terms and conditions provided in the Plan and the applicable Agreement. Such certificates shall remain in the custody of the Company or its designee, and the Holder shall deposit with the custodian stock powers or other instruments of assignment, each endorsed in blank, so as to permit retransfer to the Company of all or any portion of the Restricted Shares and any securities constituting Retained Diurto

return); price per share of Common Stock; market share; earnings per share (actual or targeted growth); earnings before interest, taxes, depreciation and amortization (EBITDA); economic value added (or an equivalent metric); market value added; debt to equity ratio; cash flow measures (including cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities); return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales

<Page>

volumes, production volumes and production efficiency); expense measures (including overhead cost and general and administrative expense); margins; stockholder value; total stockholder return; proceeds from dispositions; total market value and corporate values measures (including ethics compliance, environmental and safety). Unless otherwise stated, such a Performance Objective need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The Committee shall have the authority to determine whether the Performance Objectives and other terms and conditions of the Award are satisfied, and the Committee's determination as to the achievement of Performance Objectives relating to a Performance Award shall be made in writing.

10.4 SECTION 162(m) OF THE CODE. Notwithstanding the foregoing provisions, if the Committee intends for a Performance Award to be granted and administered in a manner designed to preserve the deductibility of the compensation resulting from such Award in accordance with Section 162(m) of the Code, then the Performance Objectives for such particular Performance Award relative to the particular period of service to which the Performance Objectives relate shall be established by the Committee in writing (i) no later than 90 days after the beginning of such period and (ii) prior to the completion of 25% of such period.

10.5 WAIVER OF PERFORMANCE OBJECTIVES. The Committee shall have no discretion to modify or waive the Performance Objectives or conditions to the grant or vesting of a Performance Award unless such Award is not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code and the relevant Agreement provides for such discretion.

ARTICLE XI

GENERAL PROVISIONS

11.1 ACCELERATION OF AWARDS.

(a) DEATH OR DISABILITY. If a Holder's employment shall terminate by reason of death or Disability, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each outstanding Option or SAR granted under the Plan shall immediately become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares, any related Retained Distributions and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Stock Units, each such Award of Stock Units shall become vested in full.

(b) APPROVED TRANSACTIONS; BOARD CHANGE; CONTROL PURCHASE. In the event of any Approved Transaction, Board Change, or Control Purchase, the Restriction Period applicable to each such Award of Restricted Shares and any related Retained Distributions and any unpaid Dividend Equivalents shall become vested in full.

Immediately prior to consummation of the Approved Transaction. The effect, if any, on a Cash Award of an Approved Transaction, Board Change or Control Purchase shall be prescribed in the applicable Agreement. Notwithstanding the foregoing, unless otherwise provided in the applicable Agreement, the Committee may, in its discretion, determine that any or all outstanding Awards of any or all types granted pursuant to the Plan will not vest or become exercisable on an accelerated basis in connection with an Approved Transaction if effective provision has been made for the taking of such action which, in the opinion of the Committee, is equitable and appropriate to substitute a new Award for such Award or to assume such Award and to make such new or assumed Award, as nearly as may be practicable, equivalent to the old Award (before giving effect to any acceleration of the vesting or exercisability thereof), taking into account, to the extent applicable, the kind and amount of securities, cash or other assets into or for which the applicable series of Common Stock may be changed, converted or substituted in connection with the Approved Transaction.

11.2 TERMINATION OF EMPLOYMENT.

(a) GENERAL. If a Holder's employment shall terminate prior to an Option or SAR becoming exercisable or being exercised (or deemed exercised, as provided in Section 7.2) in full, or during the Restriction Period with respect to any Restricted Shares or prior to the vesting or complete exercise of any Stock Units, then such Option or SAR shall thereafter become or be exercisable, such Stock Units to the extent vested shall thereafter be exercisable, and the Holder's rights to any unvested Restricted Shares, Retained Distributions, unpaid Dividend Equivalents and related cash amounts shall

the effectiveness of any registration statement required under the Securities Act of 1933, and the rules and regulations of any securities exchange or association on which the Common Stock may be listed or quoted. For so long as any series of Common Stock are registered under the Exchange Act, the Company shall use its reasonable efforts to comply with any legal requirements (i) to maintain a registration statement in effect under the Securities Act of 1933 with respect to all shares of the applicable series of Common Stock that may be issued to Holders under the Plan and (ii) to file in a timely manner all reports required to be filed by it under the Exchange Act.

11.9 WITHHOLDING. The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state and local tax withholding requirements. Federal, state and local withholding tax due at the time of an Award, upon the exercise of any Option or SAR or upon the vesting of, or expiration of restrictions with respect to, Restricted Shares or Stock Units or the satisfaction of the Performance Objectives applicable to a Performance Award, as appropriate, may, in the discretion of the Committee, be paid in shares of the applicable series of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including the conditions referenced in Section 6.5) as the Committee shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Committee for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state or local taxes of any kind required to be withheld by the Company with respect to such Award.

11.10 NONEXCLUSIVITY OF THE PLAN. The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

11.11 EXCLUSION FROM PENSION AND PROFIT-SHARING COMPUTATION. By acceptance of an Award, unless otherwise provided in the applicable Agreement, each Holder shall be deemed to have agreed that such Award is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan, program or policy of the Company or any Subsidiary of the Company. In addition, each beneficiary of a deceased Holder shall be deemed to have agreed that such Award will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Holder which is payable to such

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beneficiary under any life insurance plan covering employees of the Company or any Subsidiary of the Company.

11.12 UNFUNDED PLAN. Neither the Company nor any Subsidiary of the Company shall be required to segregate any cash or any shares of Common Stock which may at any time be represented by Awards, and the Plan shall constitute an "unfunded" plan of the Company. Except as provided in Article VIII with respect to Awards of Restricted Shares and except as expressly set forth in an Agreement, no employee shall have voting or other rights with respect to the shares of Common Stock covered by an Award prior to the delivery of such shares. Neither the Company nor any Subsidiary of the Company shall, by any provisions of the Plan, be deemed to be a trustee of any shares of Common Stock or any other property, and the liabilities of the Company and any Subsidiary of the Company to any employee pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by or pursuant to the Plan, and the rights of any employee, former employee or beneficiary under the Plan shall be limited to those of a general creditor of the Company or the applicable Subsidiary of the Company, as the case may be. In its sole discretion, the Board may authorize the creation of trusts or other arrangements to meet the obligations of the Company under the Plan, PROVIDED, HOWEVER, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

11.13 GOVERNING LAW. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware.

11.14 ACCOUNTS. The delivery of any shares of Common Stock and the payment of any amount in respect of an Award shall be for the account of the Company or the applicable Subsidiary of the Company, as the case may be, and any such delivery or payment shall not be made until the recipient shall have paid or made satisfactory arrangements for the payment of any applicable withholding taxes as provided in Section 11.9.

11.15 LEGENDS. Each certificate evidencing shares of Common Stock subject to an Award shall bear such legends as the Committee deems necessary or

appropriate to reflect or refer to any terms, conditions or restrictions of the Award applicable to such shares, including any to the effect that the shares represented thereby may not be disposed of unless the Company has received an opinion of counsel, acceptable to the Company, that such disposition will not violate any federal or state securities laws.

11.16 COMPANY'S RIGHTS. The grant of Awards pursuant to the Plan shall not affect in any way the right or power of the Company to make reclassifications, reorganizations or other changes of or to its capital or business structure or to merge, consolidate, liquidate, sell or otherwise dispose of all or any part of its business or assets.

11.17 SECTION 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under the Plan would result in the imposition of an additional tax under Code Section 409A and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), that Plan provision or Award will be reformed to avoid

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imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect the Holder's rights to an Award.

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"Cash Award" means an Award made pursuant to Section 10.1 of the Plan to a Holder that is paid solely on account of the attainment of one or more Performance Objectives that have been preestablished by the Committee.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Code section shall include any successor section.

"Committee" means the committee of the Board appointed pursuant to Section 3.1 to administer the Plan.

"Common Stock" means each or any (as the context may require) series of the Company's common stock.

"Company" means Liberty Media Corporation, a Delaware corporation (which was originally incorporated under the name Liberty Media Holding Corporation).

"Control Purchase" means any transaction (or series of related transactions) in which (i) any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any Subsidiary of the Company or any employee benefit plan sponsored by the Company or any Subsidiary of the Company) shall purchase any Common Stock of the Company (or securities convertible into Common Stock of the Company) for cash, securities or any other

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consideration pursuant to a tender offer or exchange offer, without the prior consent of the Board, or (ii) any person (as such term is so defined), corporation or other entity (other than the Company, any Subsidiary of the Company, any employee benefit plan sponsored by the Company or any Subsidiary of the Company or any Exempt Person (as defined below)) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), other than in a transaction (or series of related transactions) approved by the Board. For purposes of this definition, "Exempt Person" means each of (a) the Chairman of the Board, the President and each of the directors of the Company as of the Effective Date, and (b) the respective family members, estates and heirs of each of the Persons referred to in clause (a) above and any trust or other investment vehicle for the primary benefit of any of such Persons or their respective family members or heirs. As used with respect to any Person, the term "family member" means the spouse, siblings and lineal descendants of such Person.

"Disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental

transaction reporting system for the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then

to members previously appointed, may fill vacancies in the Committee and may remove members of the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of such quorum. Any determination reduced to writing and signed by all of the members shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held.

3.2 POWERS. The Committee shall have full power and authority to grant to eligible Persons Options under Article VI of the Plan, SARs under Article VII of the Plan, Restricted Shares under Article VIII of the Plan, Stock Units under Article IX of the Plan, Cash Awards under Article X of the Plan and/or Performance Awards under Article X of the Plan, to determine the terms and conditions (which need not be identical) of all Awards so granted, to interpret the provisions of the Plan and any Agreements relating to Awards granted under the Plan and to supervise the administration of the Plan. The Committee in making an Award may provide for the granting or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of the original Award. The Committee shall have sole authority in the selection of Persons to whom Awards may be granted under the Plan and in the determination of the timing, pricing and amount of any such Award, subject only to the express provisions of the Plan. In making determinations hereunder, the Committee may take into account the nature of the services rendered by the respective employees and independent contractors, their present and potential contributions to the success of the Company and its Subsidiaries, and such other factors as the Committee in its discretion deems relevant.

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3.3 INTERPRETATION. The Committee is authorized, subject to the provisions of the Plan, to amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the Plan and to take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each of the provisions of the Plan shall be construed pursuant to the Plan by the Committee, including any interpretation or construction of the Plan, shall be final and conclusive for all purposes and upon all Persons. No member of the Committee shall be liable for any action or determination made or taken by him or the Committee in good faith with respect to the Plan.

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Retained Distributions that shall be forfeited or otherwise not become vested in accordance with the Plan and the applicable Agreement.

8.3 RESTRICTIONS. Restricted Shares issued at the beginning of the Restriction Period shall constitute issued and outstanding shares of the applicable series of Common Stock for all corporate purposes. The Holder will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions, as the Committee may designate, paid or distributed on such Restricted Shares, and to exercise all other rights, powers and privileges of a Holder of shares of the applicable series of Common Stock with respect to such Restricted Shares; EXCEPT, THAT, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder will not be entitled to delivery of the stock certificate or certificates representing such Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived; (ii) the Company or its designee will retain custody of the stock certificate or certificates representing the Restricted Shares during the Restriction Period as provided in Section 8.2; (iii) other than such dividends

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may elect. Any election of a recipient pursuant to the preceding sentence shall be filed in writing with the Committee in accordance with such rules and regulations, including any deadline for the making of such an election, as the Committee may provide, and shall be made in compliance with Section 409A of the Code.

ARTICLE IX

STOCK UNITS

9.1 GRANT. In addition to granting Awards of Options, SARs and Restricted Shares, the Committee shall, subject to the limitations of the Plan, have authority to grant to eligible Persons Awards of Stock Units which may be in the form of shares of any specified series of Common Stock or units, the value of which is based, in whole or in part, on the Fair Market Value of the shares of any specified series of Common Stock. Subject to the provisions of the Plan, including any rules established pursuant to Section 9.2, Awards of Stock Units shall be subject to such terms, restrictions, conditions, vesting requirements and payment rules as the Committee may determine in its discretion, which need not be identical for each Award. The determinations made by the Committee pursuant to this Section 9.1 shall be specified in the applicable Agreement.

9.2 RULES. The Committee may, in its discretion, establish any or all of the following rules for application to an Award of Stock Units:

(a) Any shares of Common Stock which are part of an Award of Stock Units may not be assigned, sold, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued or, if later, the date provided by the Committee at the time of the Award.

(b) Such Awards may provide for the payment of cash consideration by the Person to whom such Award is granted or provide that the Award, and any shares of Common Stock to be issued in connection therewith, if applicable, shall be delivered without the payment of cash consideration; PROVIDED, HOWEVER, that the issuance of any shares of Common Stock in connection with an Award of Stock Units shall be for at least the minimum consideration necessary to permit such shares to be deemed fully paid and nonassessable.

(c) Awards of Stock Units may provide for deferred payment schedules, vesting over a specified period of employment, the payment (on a current or deferred basis) of dividend equivalent amounts with respect to the number of shares of Common Stock covered by the Award, and elections by the employee to defer payment of the Award or the lifting of restrictions on the Award, if any, provided that any such deferrals shall comply with the requirements of Section 409A of the Code.

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(d) In such circumstances as the Committee may deem advisable, the Committee may waive or otherwise remove, in whole or in part, any restrictions or limitations to which a Stock Unit Award was made subject at the time of grant.

ARTICLE X

CASH AWARDS AND PERFORMANCE AWARDS

10.1 CASH AWARDS. In addition to granting Options, SARs, Restricted Shares and Stock Units, the Committee shall, subject to the limitations of the Plan, have authority to grant to eligible Persons Cash Awards. Each Cash Award shall be subject to such terms and conditions, restrictions and contingencies, if any, as the Committee shall determine. Restrictions and contingencies limiting the right to receive a cash payment pursuant to a Cash Award shall be based upon the achievement of single or multiple Performance Objectives over a performance period established by the Committee. The determinations made by the Committee pursuant to this Section 10.1 shall be specified in the applicable Agreement.

10.2 DESIGNATION AS A PERFORMANCE AWARD. The Committee shall have the right to designate any Award of Options, SARs, Restricted Shares or Stock Units as a Performance Award. All Cash Awards shall be designated as Performance Awards.

10.3 PERFORMANCE OBJECTIVES. The grant or vesting of a Performance Award shall be subject to the achievement of Performance Objectives over a performance period established by the Committee based upon one or more of the following business criteria that apply to the Holder, one or more business units, divisions or Subsidiaries of the Company or the applicable sector of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies: increased revenue; net income measures (including income after capital costs and income before or after taxes); stock price measures (including growth measures and total stockholder return); price per share of Common Stock; market share; earnings per share (actual or targeted growth); earnings before interest, taxes, depreciation and amortization (EBITDA); economic value added (or an equivalent metric); market value added; debt to equity ratio; cash flow measures (including cash flow

return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities); return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency); expense measures (including overhead cost and general and administrative expense); margins; stockholder value; total stockholder return; proceeds from dispositions; total market value and corporate values measures (including ethics compliance, environmental and safety). Unless otherwise stated, such a Performance Objective need not be based upon an increase or positive res rease or pital, net *

become exercisable on an accelerated basis in connection with an Approved Transaction if effective provision has been made for the taking of such action which, in the opinion of the Committee, is equitable and appropriate to substitute a new Award for such Award or to assume such Award and to make such new or assumed Award, as nearly as may be practicable, equivalent to the old Award (before giving effect to any acceleration of the vesting or exercisability thereof), taking into account, to the extent applicable, the kind and amount of securities, cash or other assets into or for which the applicable series of Common Stock may be changed, converted or exchanged in connection with the Approved Transaction.

11.2 TERMINATION OF EMPLOYMENT.

(a) GENERAL. If a Holder's employment shall terminate prior to an Option or SAR becoming exercisable or being exercised (or deemed exercised, as provided in Section 7.2) in full, or during the Restriction Period with respect to any Restricted Shares or prior to the vesting or complete exercise of any Stock Units, then such Option or SAR shall thereafter become or be exercisable, such Stock Units to the extent vested shall thereafter be exercisable, and the Holder's rights to any unvested Restricted Shares, Retained Distributions, unpaid Dividend Equivalents and related cash amounts and any such unvested Stock Units shall thereafter vest, in each case solely to the extent provided in the applicable Agreement; PROVIDED, HOWEVER, that, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) no Option or SAR may be exercised after the scheduled expiration date thereof; (ii) if the Holder's employment terminates by reason of death or Disability, the Option or SAR shall remain exercisable for a period of at least one year following such termination (but not later than the scheduled expiration of such Option or SAR); and (iii) any termination of the Holder's employment for cause will be treated in accordance with the provisions of Section 11.2(b). The effect on a Cash Award

and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Person entitled to such benefits.

11.5 WRITTEN AGREEMENT. Each Award of Options shall be evidenced by a stock option agreement; each Award of SARs shall be evidenced by a stock appreciation rights agreement; each Award of Restricted Shares shall be evidenced by a restricted shares agreement; each Award of Stock Units shall be evidenced by a stock units agreement; and each Performance Award shall be evidenced by a performance award agreement (including a cash award agreement evidencing a Cash Award), each in such form and containing such terms and provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve; PROVIDED, HOWEVER, that if more than one type of Award is made to the same Holder, such Awards may be evidenced by a single Agreement with such Holder. Each grantee of an Option, SAR, Restricted Shares, Stock Units or Performance Award (including a Cash Award) shall be notified promptly of such grant, and a written Agreement shall be promptly executed and delivered by the Company. Any such written Agreement may contain (but shall not be required

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to contain) such provisions as the Committee deems appropriate (i) to insure that the penalty provisions of Section 4999 of the Code will not apply to any stock or cash received by the Holder from the Company or (ii) to provide cash payments to the Holder to mitigate the impact of such penalty provisions upon the Holder. Any such Agreement may be supplemented or amended from time to time as approved by the Committee as contemplated by Section 11.7(b).

11.6 DESIGNATION OF BENEFICIARIES. Each Person who shall be granted an Award under the Plan may designate a beneficiary or beneficiaries and may change such designation from time to time by filing a written designation of beneficiary or beneficiaries with the Committee on a form to be prescribed by it, provided that no such designation shall be effective unless so filed pursuant to the rules of the SEC. b.6 D

Holders under the Plan and (ii) to file in a timely manner all reports required to be filed by it under the Exchange Act.

11.9 WITHHOLDING. The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state and local tax withholding requirements. Federal, state and local withholding tax due at the time of an Award, upon the exercise of any Option or SAR or upon the vesting of, or expiration of restrictions with respect to, Restricted Shares or Stock Units or the satisfaction of the Performance Objectives applicable to a Performance Award, as appropriate, may, in the discretion of the Committee, be paid in shares of the applicable series of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including the conditions referenced in Section 6.5) as the Committee shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Committee for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state or local taxes of any kind required to be withheld by the Company with respect to such Award.

11.10 NONEXCLUSIVITY OF THE PLAN. The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

11.11 EXCLUSION FROM PENSION AND PROFIT-SHARING COMPUTATION. By acceptance of an Award, unless otherwise provided in the applicable Agreement, each Holder shall be deemed to have agreed that such Award is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan, program or policy of the Company or any Subsidiary of the Company. In addition, each beneficiary of a deceased Holder shall be deemed to have agreed that such Award will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Holder which is payable to such beneficiary under any life insurance plan covering employees of the Company or any Subsidiary of the Company.

11.12 UNFUNDED PLAN. Neither the Company nor any Subsidiary of the Company shall be required to segregate any cash or any shares of Common Stock which may at any time be represented by Awards, and the Plan shall constitute an "unfunded" plan of the Company. Except as provided in Article VIII with respect to Awards of Restricted Shares and except as expressly set forth in an Agreement, no employee shall have voting or other rights with respect to the shares of Common Stock covered by an Award prior to the delivery of such shares. Neither the Company nor any Subsidiary of the Company shall, by any provisions of the Plan, be deemed to be a trustee of any shares of Common Stock or any other property, and the liabilities

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of the Company and any Subsidiary of the Company to any employee pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by or pursuant to the Plan, and the rights of any employee, former employee or beneficiary under the Plan shall be limited to those of a general creditor of the Company or the applicable Subsidiary of the Company, as the case may be. In its sole discretion, the Board may authorize the creation of trusts or other arrangements to meet the obligations of the Company under the Plan, PROVIDED, HOWEVER, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

11.13 GOVERNING LAW. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware.

11.14 ACCOUNTS. The delivery of any shares of Common Stock and the payment of any amount in respect of an Award shall be for the account of the Company or the applicable Subsidiary of the Company, as the case may be, and any such delivery or payment shall not be made until the recipient shall have paid or made satisfactory arrangements for the payment of any applicable withholding taxes as provided in Section 11.9.

11.15 LEGENDS. Each certificate evidencing shares of Common Stock subject to an Award shall bear such legends as the Committee deems necessary or appropriate to reflect or refer to any terms, conditions or restrictions of the Award applicable to such shares, including any to the effect that the shares represented thereby may not be disposed of unless the Company has received an opinion of counsel, acceptable to the Company, that such disposition will not violate any federal or state securities laws.

11.16 COMPANY'S RIGHTS. The grant of Awards pursuant to the Plan shall not affect in any way the right or power of the Company to make reclassifications,

reorganizations or other changes of or to its capital or business structure or to merge, consolidate, liquidate, sell or otherwise dispose of all or any part of its business or assets.

11.17 SECTION 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under the Plan would result in the imposition of an additional tax under Code Section 409A and related regulations and United States Department of the Treasury pronouncements ("Section 409A"), that Plan provision or Award will be reformed to avoid imposition of the applicable tax and no action taken to comply with Section 409A shall be deemed to adversely affect the Holder's rights to an Award.

matter jurisdiction thereof and in which venue is proper seeking an in

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judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Bylaws and certificate of incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. LIABILITY INSURANCE. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. AMENDMENTS; WAIVER. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

11. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

12. NO DUPLICATION OF PAYMENTS. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, Bylaw or otherwise) of the amounts otherwise indemnifiable hereunder.

13. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee

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continues to serve as a director, officer, employee, agent or fiduciary of the Company or of any other enterprise at the Company's request.

14. SEVERABILITY. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the entire Agreement shall not be affected thereby.

SHARE EXCHANGE AGREEMENT
 by and between
 NEWS CORPORATION
 and
 LIBERTY MEDIA CORPORATION

 As of December 22, 2006

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ARTICLE I.

CERTAIN DEFINITIONS AND OTHER MATTERS

Section 1.1. CERTAIN DEFINITIONS. As used in this Agreement and the schedules hereto, the following terms have the respective meanings set forth below.

"ACTION" means any demand, action, claim, suit, countersuit, litigation, arbitration, prosecution, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court, grand jury or other Governmental Authority or any arbitrator or arbitration panel.

"AFFILIATE" means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person; PROVIDED, however that (i) the Transferred Subsidiaries will be treated as Affiliates of Parent prior to the Closing and as Affiliates of LMC after the Closing, and (ii) the term "Affiliate" when used with respect to Parent or any Affiliate of Parent prior to the Closing, or LMC or any Affiliate of LMC after the Closing, shall not include DTV or any of its Subsidiaries. The term "control" means the possession ~~directly or indirectly~~ of the power to ~~direct~~ or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ability to elect the members of the board of directors or other governing body of a Person, and the terms "controlled" and "controlling" have correlative meanings.

"ANTITRUST LIMITATIONS the

violation, of any Environmental Law or (c) any contractual liabilities.

"ENVIRONMENTAL LAWS" means all Laws relating to pollution or protection of human health and safety or the environment (including ambient air, surface water, groundwater, land surface, natural resources or subsurface strata), including all such Laws relating to Releases or threatened Releases of Hazardous Materials into the environment or work place, or otherwise relating to the environmental or worker health and safety aspects of manufacturing, processing, distribution, importation, use, treatment, storage, disposal, transport or handling of Hazardous Materials, including the Comprehensive Response, Compensation, and Liability Act and its state equivalents, chemi3 s

operated by the RSN Subsidiaries and listed on Section 1.1 of N S

"PERSON" means an individual, partnership (general or limited), corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture or other entity, or a Governmental Authority.

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"PLEDGED SHARES" means the 60,000,000 shares of Parent Class A Common Stock owned beneficially and of record by the Stockholders pledged, as of the date hereof, to secure certain of the Stockholders' obligations under variable forward OTC contracts.

"PRODUCTION SERVICES AGREEMENT" means the agreement relating to the ~~provision of production services by and among~~ the Transferred Subsidiaries to be entered into by and among each of the Transferred Subsidiaries and Fox Sports Net, Inc.

~~rental~~ "REAL PROPERTY RELEASE" means a lease or sublease agreement pursuant to which a Leased Real Property is leased or subleased.

"RELEASE" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and ~~subsurface~~ surface ~~std~~ ~~by~~

Person, or by such Person and one or more Subsidiaries of such Person, whether or not such power is subject to a voting agreement or similar Encumbrance, (B) a partnership or limited liability company in which such Person or a Subsidiary of such Person is, at the date of determination, (1) in the case of a partnership, a general partner of such partnership with the power affirmatively to direct the policies and management of such partnership or (2) in the case of a limited liability company, the managing member or, in the absence of a managing member, a member with the power affirmatively to direct the policies and management of such limited liability company, or (C) any other Person (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has (1) the power to elect or direct the election of a majority of the members of the governing body of such Person, whether or not such power is subject to a voting agreement or similar Encumbrance, or (2) in the absence of such a governing body, at least a majority ownership interest or (ii) any other Person of which an aggregate of more than 50% of the equity interests are, at the time, directly or indirectly, owned by such Person and/or one or more Subsidiaries of such Person. For the purposes of the foregoing, the Transferred Subsidiaries will be treated as Subsidiaries of Parent until the Closing is completed and as Subsidiaries of LMC immediately after the Closing, and neither IAC/InterActiveCorp nor Expedia, Inc., or any of their respective Subsidiaries, will be treated as Subsidiaries of LMC.

"TAX" or "TAXES" means (i) any and all taxes, charges, fees, levies, customs, duties, tariffs, or other assessments, including income, gross receipts, excise, real or personal property, sales, withholding, social security, retirement, unemployment, occupation, use, goods and services, service use, license, value added, capital, net worth, payroll, profits, withholding, franchise, transfer and recording taxes, fees and charges, and any other taxes, charges, fees, levies, customs, duties, tariffs or other assessments imposed by the IRS or any taxing authority (whether domestic or foreign including any state, county, local or foreign government or any subdivision or taxing agency thereof (including a United States possession)), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest thereon, fines, penalties, additions to tax, or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies, customs, duties, tariffs, or other assessments; (ii) any Liability for the payment of any amounts described in clause (i) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group or as a result of transferor, successor or similar Liability; and (iii) any Liability for the payments of any amounts as a result of being a party to any Tax sharing agreement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in clause (i) or (ii).

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"TAX MATTERS AGREEMENT" means the Tax Matters Agreement by and among Parent and LMC, attached as Exhibit A-I hereto.

"TAX OPINIONS" means the Parent Tax Opinion and the LMC Tax Opinion.

"TAX OPINION REPRESENTATIONS" means the LMC Tax Opinion Representations and the Parent Tax Opinion Representations.

"TAX RETURNS" means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended Tax Return, claim for refund or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

"TAXING AUTHORITY" shall have the meaning given to such term in the Tax Matters Agreement.

"TAX SHARING AGREEMENT" shall have the meaning given to such term in the Tax Matters Agreement.

"TECHNICAL SERVICES AGREEMENT" means the agreement relating to the provision of uplink, engineering and other services identified therein by and among Fox Sports Net, Inc. and each of the RSN Subsidiaries.

"TRANSACTIONS" means the transactions contemplated hereby and each of the Ancillary Agreements, including the Exchange and the Parent Restructuring.

"TRANSFERRED EMPLOYEES" means the individuals listed on Section 1.1 of the Parent Disclosure Letter (which section of the Disclosure Letter shall be updated as of the Closing Date to reflect individuals hired following the date hereof and prior to the Closing Date in compliance with Section 6.2 hereof, PROVIDED, HOWEVER that any individual listed on Section 1.1.1(a) of the Parent Disclosure Letter as of the Closing Date whose employment with any Transferred

Subsidiary terminates in the ordinary course of business following the date hereof and prior to the Closing Date shall not be deemed to be a "Transferred Employee").

"TRANSFERRED SUBSIDIARIES" means, collectively, Splitco and each RSN Subsidiary.

"TRANSITIONAL SERVICES AGREEMENT" means the agreement relating to the provision of corporate transitional services identified therein by and among Fox Sports Net, Inc. and each of the RSN Subsidiaries.

"TREASURY REGULATIONS" mean the regulations promulgated under the Code.

"WARN ACT" means the Worker Adjustment and Retraining Notification Act and any similar state

Sections 7.2.1 and 7.2.2 hereof; and

3.3.6 such other documents as are reasonably required by LMC to be delivered to effectuate the Transactions or to evidence the authority, existence and good standing of Parent and its relevant Subsidiaries, including evidence of the possession by Splitco of the Cash Amount; PROVIDED that LMC shall use its reasonable best efforts to identify such documents to Parent in writing reasonably in advance of the anticipated Closing Date.

Section 3.4. LMC'S DELIVERIES AT THE CLOSING. At the Closing, LMC shall deliver or cause to be delivered to Parent the following:

3.4.1 one or more stock certificates, together with stock powers executed in blank, representing the LMC Parent Shares owned by the Stockholders, or a confirmation from Parent's transfer agent, Computershare Investor Services, LLC, of a book-entry transfer of the LMC Parent Shares to Parent;

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3.4.2 each of the Ancillary Agreements to which LMC and any of its Affiliates are party (other than the Tax Matters Agreement which shall be executed and delivered concurrently with this Agreement) duly executed by LMC and any of its Affiliates party thereto;

3.4.3 a certificate of an authorized officer of LMC pursuant to Sections 7.3.1 and 7.3.2 hereof (together with the certificate delivered pursuant to Section 3.3.5 hereof, the "Closing Certificates"); and

3.4.4 such other documents as are reasonably required by Parent to be delivered to effectuate the Transactions or to evidence the authority, existence and good standing of LMC and its relevant Subsidiaries; PROVIDED that Parent shall use its reasonable best efforts to identify such documents to LMC in writing reasonably in advance of the anticipated Closing Date.

Each ~~of the Ancillary Agreements referred to in this Article III (or in any related definition set forth in Article I) that is not attached as an Exhibit to this Agreement or is not otherwise an Ancillary Agreement shall be in customary form and shall be reasonably satisfactory in form and substance to the parties hereto.~~ ^{also} referred to in this Article III (or in any related definition set forth in Article I) that is not attached as an Exhibit to this Agreement or is not otherwise an Ancillary Agreement shall be in customary form and shall be reasonably satisfactory in form and substance to the parties hereto. icd WW l a setaue

Section 3.5. PER3 t s de Eat to Secactory inant'

accordance with Section 3.6.1 above) to holders of record prior to the Closing Date, then upon payment of such dividend or the making of such distributions, such cash, property or other securities will (A) continue to be held by Parent and (B) be contributed (including any dividend or distributions thereon and, in t oEit e

therein) within such thirty (30) day period, Parent and LMC shall, within thirty (30) days following delivery of such notice by Parent to LMC (the "Resolution Period"), attempt in good faith to resolve their differences with respect to the disputed items (or calculations) specified in the notice (the "Disputed Items"), and all other items (and all calculations relating thereto) will be final, binding and conclusive. Any resolution by Parent and LMC during the Resolution Period as to any Disputed Item shall be set forth in writing and will be final, binding and conclusive.

~~Item 10. If Parent and LMC do not resolve all Disputed Items by the end of the Resolution Period, then all Disputed Items remaining in dispute will be submitted to an independent accounting firm not retained by Parent or LMC or such other United States national independent~~
~~independent accounting firm, mutually acceptable,~~

executed and delivered by Parent, Splitco and the other Subsidiaries of Parent party thereto and shall constitute the legal, valid and binding obligations of Parent, Splitco and such other Subsidiaries of Parent, enforceable against each such Person in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other Laws regarding fraudulent conveyances and preferential transfers and subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at Law or in equity).

Section 4.4. SHAREHOLDER VOTES REQUIRED. At the Parent Stockholders' Meeting (as defined in Section 6.5), the affirmative vote of a majority of the votes cast in person or by proxy by holders of Parent Class B Shares other than LMC, the Stockholders and any of their respective Associates (the "PARENT STOCKHOLDER APPROVAL"), in accordance with Chapter 10.1 of the ASX Listing Rules is the only vote of the holders of any class or series of capital stock of Parent or any of its Subsidiaries required by any applicable Law to approve the Exchange. Other than the Parent Stockholder Approval, no vote or other action of the stockholders of Parent is required by Law, the organizational documents of Parent, the ASX Listing Rules, the rules and regulations of the Erule

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would not prevent or materially delay the performance of this Agreement by Parent.

Section 4.6. OPERATIONS OF THE TRANSFERRED BUSINESS. Except as set forth in Section 4.6 of the Parent Disclosure Letter, since October 1, 2006 and through the date of this Agreement, the Transferred Business has been conducted in the ordinary course of business consistent with past practice and there has not been since such date the occurrence of any fact, event or circumstance described in Sections 6.2.8, 6.2.9, 6.2.12 - 6.2.17 (assuming that the period referred to therein is effective beginning October 1, 2006).

Section 4.7. COMPLIANCE WITH LAW. The Transferred Business is currently being conducted, and since January 1, 2004, has been conducted, in compliance with all material Laws applicable to the Transferred Business or the Transferred Employees. Since January 1, 2004 and prior to the date of this Agreement, none of Parent, Splitco or any of the RSN Subsidiaries has received any material notice from any Governmental Authority that the Transferred Business has been or is being conducted in violation of any applicable material Law or that an investigation or inquiry into any noncompliance with any applicable material Law is ongoing, pending or, to the Knowledge of Parent, threatened. This Section 4.7 does not relate to matters with respect to Taxes, which are the subject of Section 4.20 or the Tax Matters Agreement, as the case may be, to Environmental Matters, which are the subject of Section 4.10, to Employee Benefits Plan matters, which are the subject of Section 4.12 or to Labor and Employment Matters, which are the subject of Section 4.14.

Section 4.8. INTELLECTUAL PROPERTY.

4.8.1 Section 4.8.1 of the Parent Disclosure Letter sets forth a list of all patents, patent applications, registered trademarks, material unregistered trademarks, registered copyrights and Internet domain name registrations that are, as of the date of this Agreement, owned by the RSN Subsidiaries (the "Owned Intellectual Property"). The RSN Subsidiaries own the Owned Intellectual Property, free and clear of all Encumbrances and have the exclusive right to use and sublicense, without payment to any other Person, all of the Owned Intellectual Property. As of the date hereof, no license relating to any of the Owned Intellectual Property has been granted, except as provided in the Ancillary Agreements, and except for Customer Agreements entered into in the ordinary course of business.

4.8.2 Section 4.8.2 of the Parent Disclosure Letter sets forth a list that includes all material Intellectual Property that is held for use under license by the RSN Subsidiaries as of the date hereof (the "Licensed Intellectual Property"). As of the date hereof, neither Parent nor the RSN Subsidiaries have given or received any notice of material default or of any event which with the lapse of time would constitute a material default under any material agreement relating to the Licensed Intellectual Property; neither Parent nor the Transferred Subsidiaries, nor, to Parent's Knowledge, any other Person, currently is in material default under any such agreement.

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4.8.3 To Parent's Knowledge, as of the date hereof, no third party is infringing in any material respect a proprietary right in any Owned Intellectual Property. To Parent's Knowledge, the use of any Owned Intellectual Property or Licensed Intellectual Property in connection with the Transferred Business as currently conducted does not materially infringe upon, misappropriate, violate or conflict in any way with any material Intellectual Property rights of any Person.

4.8.4 There is no pending or, to Parent's Knowledge, threatened material claim (i) challenging the validity or enforceability of, or contesting the Parent's or the Transferred Subsidiaries' right to make, sell, offer to sell, and/or use any of the Owned Intellectual Property or Licensed Intellectual Property; (ii) challenging the validity or enforceability of any agreement relating to the Owned Intellectual Property or Licensed Intellectual Property; or (iii) asserting that the manufacture, sale, offer of sale, and/or use of any Owned Intellectual Property or Licensed Intellectual Property infringes upon, misappropriates, violates or conflicts in any way with the Intellectual Property rights of any Person.

the ordinary course of business;

(c) each material Contract relating to the production or licensing of any programming for any Network;

(d) each affiliation, distribution, carriage or similar agreement between any Transferred Subsidiary (or under which any Transferred Subsidiary is bound or is liable or pursuant to which any Transferred Subsidiary or any of its properties or assets is subject) and any of its affiliates, distributors, carriers, over-the-air broadcast operators and multichannel video programming distributors, in which such affiliate, distributor, carrier or operator accounts for at least 50,000 subscribers to a Network operated by such Transferred Subsidiary as of July 31, 2006;

(e) each material definitive rights agreement relating to the telecast of professional, collegiate conference, university or high school sports teams or any sports related tournaments or events on any Network;

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(f) each Contract pursuant to which any Transferred Subsidiary is obligated (or assuming performance of any Contract in effect at the date hereof, would be obligated) to any Person for payments in respect of capital expenditures in excess of \$1,000,000;

(g) each currently effective joint venture or partnership or similar agreement and each Contract providing for the formation of a joint venture, limited liability company, long-term alliance or partnership or involving an equity investment;

(h) each currently effective Contract (including any Employment Agreements) which (A) materially restricts the ability of any Transferred Subsidiary or any of its Affiliates or the Transferred Business to engage in any business activity in any geographic area or line of business following the Closing or (B) materially restricts the ability of any Transferred Subsidiary or any of its Affiliates or the Transferred Business to compete with any Person following the Closing;

(i) each Contract (or group of related Contracts) under which there has been created, incurred, assumed, or guaranteed any Indebtedness, or that relates to the lending or advancing of amounts or investment in any other Person, in each case, in excess of \$100,000, or providing for the creation of any Encumbrance securing an obligation likely to exceed \$100,000 upon any asset of any Transferred Subsidiary;

(j) each lease, sublease or similar agreement relating to tangible personal property used or held for use in the Transferred Business, for an annual rent in excess of \$100,000, or agreement regarding the purchase of real property;

(k) each currently effective material Real Property Lease;

(l) any currently effective Contract concerning the marketing or distribution by third parties of any products or services of the Transferred Business (including any Contract requiring the payment of any sales or marketing or distribution commissions or granting to any Person rights to market, distribute or sell such products or services) involving sales of products of more than \$100,000 annually;

(m) any other currently effective Contract which was entered into other than in the ordinary course of business involving payments to or from third parties in excess of \$500,000 over the remaining term of such Contract; and

(n) each satellite and transponder agreement to which any Transferred Subsidiary is a party or pursuant to which any Transferred Subsidiary or under which any Transferred Subsidiary is bound or is liable or pursuant to which any Transferred Subsidiary or any of its properties or assets is subject.

Parent has made available to LMC or its Representatives (as defined below) correct and complete copies of all such Material Contracts (other than such Material Contracts referenced in Section 4.13(n) pursuant to which the Transferred Subsidiaries shall have no liabilities or obligations of any kind after Closing other than pursuant to the Technical Services Agreement) with all amendments thereto. Each such Material Contract is valid, binding and enforceable against a Transferred Subsidiary and the other parties thereto in accordance with its terms and is

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in full force and effect, subject to expiration in accordance with its terms. Except as set forth in Section 4.13 of the Parent Disclosure Letter, none of the Transferred Subsidiaries is in material default under or in material breach of any such Material Contract, and no event has occurred that, with notice or lapse of time, or both, would constitute such a material default. Except as set forth in Section 4.13 of the Parent Disclosure Letter, each of the other parties to the Material Contracts has performed in all material respects all of the obligations required to be performed by it under, and is not in material default under, any such Material Contract, and to the Knowledge of Parent, no event has occurred that, with notice or lapse of time, or both, would constitute such a material default.

Section 4.14. LABOR MATTERS.

4.14.1 Except as set forth in the Parent Disclosure Letter, as of the date hereof, there are no collective bargaining agreements, union contracts or similar agreements or arrangements in effect that cover any Transferred Employee (each, a "Collective Bargaining Agreement"). With respect to the Transferred Business, (a) there is no material labor strike, dispute, slowdown, lockout or stoppage pending or, to the Knowledge of Parent, threatened, and no Transferred Subsidiary has experienced any labor strike, dispute, slowdown, lockout or stoppage relating to the Transferred Business or any Transferred Employee since January 1, 2004; (b) there is no material unfair labor practice charge or complaint pending or, to Parent's Knowledge, threatened before the National Labor Relations Board or before any similar state or foreign agency; (c) there is no material grievance or arbitration arising out of any Collective Bargaining Agreement or other grievance procedure; (d) no material charges are pending before the Equal Employment Opportunity Commission or any other agency responsible for the prevention of unlawful employment practices; and (e) Parent, Splitco and the Transferred Subsidiaries have complied in all material respects with all laws relating to the employment of labor, including provisions thereof relating to wages, hours, equal opportunity, collective bargaining, affirmative action, occupational safety and health, immigration and the withholding and payment of social security and other taxes, and no claim to the contrary has been made by any employee or Governmental Authority.

4.14.2 Neither Parent nor any of its Affiliates has effected any of the following with respect to any Transferred Employee: (a) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility; or (b) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility. None of the Transactions or any of the actions taken by Parent or its Affiliates in preparation for the Closing have or will result in plant closing or mass layoff under the WARN Act.

Section 4.15. RSN SUBSIDIARIES FINANCIAL STATEMENTS.

4.15.1 Attached as Section 4.15.1 of the Parent Disclosure Letter are the as o any unaudited condensed consolidated financial statements of each RSN Subsidiary, the

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e E S "INTERIM BALANCE SHEET") of each RSN Subsidiary as of October 1, 2006 i0'6

consistent with past practice and use reasonable best efforts to preserve intact current business organizations of the Transferred Business and relationships with third parties and keep available the service of the current officers and employees of the Transferred Business. From the date hereof until the earlier of the Closing or the termination of this Agreement, Parent will vote or cause its Affiliates to vote all shares of DTV over which it has the power to vote or cause to be voted against any action by DTV or any of its Subsidiaries, which is outside its ordinary course of business (including amendments to DTV's Charter) that is presented or proposed for consideration by DTV stockholders at any time after the date of this Agreement and prior to the Closing or termination of this Agreement, subject to Parent's obligations under Section 6.13.3 of this Agreement. Without limiting the generality of the foregoing, except (i) as contemplated or permitted by this Agreement and the

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Ancillary Agreements, (ii) as required by applicable Law, (iii) as described in Section 6.2 of the Parent Disclosure Letter or (iv) with the prior written consent of LMC, prior to the Closing Date, Parent shall not take any action that would violate the terms of the RSN Non-Competition Agreement (assuming that the period referred to therein is effective beginning as of the date hereof) and Parent shall cause each of the Transferred Subsidiaries not to:

- 6.2.1 make any change in or amendments to the charter, bylaws, partnership agreement, membership agreement or other organizational documents applicable to any Transferred Subsidiary;
- 6.2.2 issue, grant, sell or deliver any shares of capital stock or other equity interests or securities of any Transferred Subsidiary, or any securities convertible into, or options, warrants or rights of any kind to subscribe for or acquire, any shares of capital stock or other equity interests or securities of any Transferred Subsidiary, or any phantom shares, phantom equity interests or stock or equity appreciation rights of any Transferred Subsidiary, or enter into any Contract, commitment or arrangement with respect to any of the foregoing;
- 6.2.3 split, combine or reclassify the outstanding shares of capital stock or other equity interests or securities of any Transferred Subsidiary or issue any capital stock or other equity interests or securities of any Transferred Subsidiary in exchange for any such shares or interests;
- 6.2.4 redeem, purchase or otherwise acquire, directly or indirectly, any shares of capital stock or any other equity interests or securities of any Transferred Subsidiary;
- 6.2.5 adopt or authorize any stock or equity appreciation rights, restricted stock or equity, stock or equity purchase, stock or equity bonus or similar plan, arrangement or agreement applicable to any Transferred Subsidiary;
- <fed 6.2.6A ~~Make~~ any other changes in the capital structure or the partnership or membership structure of any Transferred Subsidiary;
- 6.2.7 make any change in any method of financial accounting or financial accounting principles, practice or policy employed by or applicable to a Transferred Subsidiary, except for any such change required by reason of a concurrent change in GAAP;
- 6.2.8 except to the extent sold or otherwise disposed of in the ordinary

Action would materially adversely affect the conduct of the Transferred Business following the Closing Date, except where any such material adverse effect on the conduct of the Transferred Business resulting from the settlement of any such Action is not disproportionate to the adverse effect of such settlement on the conduct of the business of the regional sports programming cable networks operated by Parent and its Subsidiaries (other than the RSN Subsidiaries); or

6.2.18 enter into an agreement to do any of the foregoing.

Section 6.3. CONDUCT OF BUSINESS BY LMC. Except as described in Schedule 6.3, during the period from the date hereof to the Closing Date, or the date, if any, on which this Agreement is earlier terminated in accordance with Article IX, neither LMC nor any of its Subsidiaries shall acquire or make any investment in any corporation, partnership, limited liability company, other business organization or any division thereof that holds, or has an attributable interest in, any license, authorization, permit or approval issued by the FCC if such acquisition or investment would reasonably be expected to prevent or materially delay or impede receipt of the FCC Consent.

Section 6.4. PROXY STATEMENT.

6.4.1 Within forty-five (45) days of the signing of this Agreement, Parent shall prepare and shall cause to be filed with each of the SEC and the ASX a proxy statement in

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preliminary form (together with any amendments thereof or supplements thereto, the "Proxy Statement") relating to the Parent Stockholders' Meeting. Parent shall include in the Proxy Statement the recommendation of the Board of Directors of Parent that the Parent stockholders approve the Exchange (the "Parent Recommendation"); PROVIDED that prior to the approval of the Exchange by Parent's stockholders in accordance with this Agreement the Board of Directors of Parent may fail to make or withdraw, modify or change in a manner adverse to LMC its recommendation that the stockholders vote in favor of this Agreement (a "Parent Change in Recommendation"), if, and only if, the Board of Directors of Parent has determined, in its good faith judgment and after consultation with outside legal counsel, that the failure to effect such action could reasonably be expected to be inconsistent with the fulfillment of its fiduciary duties to Parent's stockholders under applicable Law; PROVIDED that a Parent Change in Recommendation shall not relieve Parent of its obligations pursuant to Section 6.3 hereof. Parent shall use its reasonable best efforts to respond as promptly as practicable to any comments of the SEC and the ASX with respect to the Proxy Statement. Parent shall promptly notify LMC upon the receipt of any comments (written or oral) from the SEC or the ASX or their respective staff or any request from the SEC or the ASX or their respective staff for amendments or supplements to the Proxy Statement, shall consult with LMC prior to responding to any such comments or request or /40B292, any amendment or supplement to the Proxy Statement, -00037y6- 2-3 - 4VQP-D @ . > / shall provide LMC with copies. V> o 4h1sh/St

~~WHEREAS~~ LMC and its Subsidiaries (collectively, "LMC") shall cause their respective current and future Subsidiaries to), propose, negotiate, commit to and enter into one or more settlements, undertakings, conditions, consent decrees, stipulations and other agreements with or to one or more Governmental Authorities (each, a "Settlement") in connection with the Transactions (including obtaining the requisite consent of such Governmental Authorities), including one or more Settlements that require LMC or Parent to restructure the operations of, or sell or otherwise divest or dispose of, its assets and/or the assets of its current and future Subsidiaries; provided, however, that (i) neither LMC nor any of its Subsidiaries shall be required to take (or commit to take) any of the foregoing actions, or any other action contemplated by this Section 6.6, (A) if any such actions would reasonably be expected to result in a material adverse effect on the financial condition, operations or business of LMC or any of its Subsidiaries.

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parental leave, workers' compensation, short-term and long-term disability, medical leave or otherwise) shall be employed in a substantially comparable position to the position in which such Transferred Employee was employed immediately prior to Closing Date. As of and for no less than one year following the Closing, LMC shall, and shall cause its Affiliates to, provide the Transferred Employees who remain employed with LMC and its Affiliates with the same rate of base salary and wages and commissions and with employee benefit and compensation plans, programs and arrangements that are substantially equivalent in the aggregate to those provided to similarly situated employees of LMC and its Affiliates. Any Transferred Employee who became entitled to short-term or long-term disability benefits under the applicable Employee Benefit Plans (the "Seller Disability Plans") prior to Closing shall be entitled to continue to receive such benefits under the terms of the Seller Disability Plans until his or her return to active employment, so long as such benefits are payable pursuant to third-party insurance coverage. Parent agrees to use commercially reasonable efforts to cause the insurance policies underlying the Seller Disability Plans to provide for such payments. Notwithstanding anything to the contrary contained herein, LMC and its Affiliates shall have no obligation to keep any Transferred Employee employed for any period of time following the Closing, PROVIDED that if the employment of any Transferred Employee is terminated by LMC or its Affiliates during the 12-month period beginning on the Closing Date, LMC or its Affiliates shall pay to such terminated employee severance payments that are no less favorable than those provided under the Employee Benefit Plans immediately prior to the Closing Date. Parent and its Affiliates shall cause the Employment Agreements and, to the extent necessary, any talent Contract identified on Sections 4.13(c) of the Parent Disclosure Letter, to be assigned to the appropriate Transferred Subsidiary prior to the Closing. Notwithstanding the provisions of the employment agreement between Mark Shuken ("Shuken") and Fox Cable Networks Services, LLC, dated as of July 16, 2006 (the "Shuken Agreement"), during the period between the date of this Agreement and Closing, Parent agrees to allow (and to cause its Affiliates to allow) Shuken to discuss terms of potential employment

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with LMC and its Affiliates, and to waive (and cause its Affiliates to waive) any restrictions in the Employment Agreement or any other agreement that would prevent Shuken from accepting employment with LMC or its Affiliates as of the Closing. Following the Closing, LMC shall assume and honor and/or shall cause its Affiliates to assume and to honor in accordance with their terms all Employment Agreements, and take all actions necessary to update such Employment Agreements to reflect such assumption, and Parent and Parent Group shall cease to have any further obligations under the Employment Agreements as of the Closing Date. Parent shall take all actions necessary such that following the Closing, the LMC Indemnitees, as applicable, shall have no liabilities with respect to any Employee Benefit Plans or any other employee benefit plans, arrangements or agreements sponsored or contributed to by Parent Group other than the Subsidiary Employee Benefit Plans and the Employment Agreements. For purposes of all plans, programs or arrangements maintained, sponsored or contributed to by LMC or its Affiliates in which the Transferred Employees shall be eligible to participate, LMC shall cause each such plan, program or arrangement to treat the prior service of each Transferred Employee with Parent, the Parent Entities or any of their Subsidiaries as service rendered to LMC for purposes of eligibility and vesting for all purposes and levels of benefits for purposes of severance and vacation, except to the extent such treatment would result in the duplication of benefits with respect to the same period of service. From and after the Closing, LMC and its Affiliates shall (i) cause any pre-existing conditions, limitations and eligibility waiting periods under any group health plans of LMC or its Affiliates to be waived with respect to the Transferred Employees and their eligible dependents to the extent such condition would have been covered, or limitation or waiting period would not have applied, with respect to such Transferred Employee (or dependent) under the terms of the Employee Benefit Plan in which such Transferred Employee was a participant immediately prior to the Closing and (ii) give each Transferred Employee credit for the plan year in which the Closing (or the transition from Parent's plans to LMC's plans) occurs towards applicable deductibles and annual out-of-pocket limits for expenses incurred prior to the Closing (or such later transition date). LMC or its Affiliates shall not provide financial incentive to any Transferred Employee to elect continued group health plan

this Agreement until the Closing or the earlier termination of this Agreement, Parent shall not, nor shall it authorize or permit any of its Affiliates nor any of its or their respective officers, directors, employees, representatives, consultants, advisors, accountants or agents ("Representatives") to, (A) directly or indirectly, initiate, solicit or knowingly encourage or facilitate (including, in each case, by way of furnishing information) any inquiries or the making of any proposal or offer with respect to, or any indication of interest in, any acquisition by any third party of all or a substantial portion of the assets of any Transferred Subsidiary, any acquisition by any third party of any securities or other ownership interests of any of the Transferred Subsidiaries or any acquisition of all or a portion of the DTV Shares (any such proposal, offer or indication of interest, a "Parent Acquisition Proposal"), (B) directly or indirectly, engage in any negotiations or discussions concerning a Parent Acquisition Proposal, or provide access to its properties, books and records or any non-public information or data to, any third party that has made, or to Parent's Knowledge, is considering making a Parent Acquisition Proposal or any Representatives thereof, (C) approve or recommend, or propose to approve or recommend, or execute or enter into any letter of intent, agreement in principle, option agreement, acquisition agreement or other agreement relating to a Parent Acquisition Proposal or (D) propose publicly or agree to any of the foregoing relating to a Parent Acquisition Proposal.

- 6.13.2 Parent will, and will take such lawful action solely in its capacity as a stockholder of DTV as may be reasonable to cause DTV and each of its Affiliates to, cease any ongoing, and not initiate any new, activities, directly or indirectly, through any Representative or otherwise, to solicit, initiate or encourage inquiries or submission of proposals or offers from any Person relating to (A) any sale or other disposition of all or any substantial portion of the assets of DTV or its Affiliates or all or any substantial portion of the equity interests in DTV or its Affiliates or (B) any business combination involving DTV or any of its Affiliates, whether by merger, consolidation, tender offer or otherwise (any of the foregoing, an "Extraordinary Transaction") or to participate in any negotiation regarding, or furnishing to any other Person any information with respect to, or otherwise cooperate in any way with or assist in, facilitate or encourage, rson any effort or attempt by any other Person to do or seek to do any se, to solofwthe foregoing; PR5BR ,

UNDELETED INFORMATION IS CONTAINED HEREIN OR TO THE KNOWLEDGE OF PARENT, DIV OR ANY OF ITS AFFILIATES, IN EACH CASE IN CONNECTION WITH ANY EXTRAORDINARY TRANSACTION.

6.13.4 LMC and its Affiliates have ceased all, and from the date hereof until the Closing or the earlier termination of this Agreement, LMC shall not, nor shall it authorize or permit any of its Affiliates nor any of its Representatives to, (A) directly or indirectly, initiate, solicit or knowingly encourage or facilitate (including, in each case, by way of furnishing information) any inquiries or the making of any proposal or offer with respect to, or any indication of interest in, any acquisition by any third party of all or a portion of the LMC Parent Shares (any such proposal, offer or indication of interest, a "L Acquisition Proposal"), (B) directly or indirectly, engage in any negotiations or discussions concerning an L Acquisition Proposal, or provide access to its properties, books and records or any non-public information or data to, any third party that has made, or to LMC's Knowledge, is considering making an L Acquisition Proposal or any Representatives thereof, (C) approve or recommend, or propose to approve or recommend, or execute or enter into any letter of intent, agreement in principle, option agreement, acquisition agreement or other agreement relating to an L Acquisition Proposal, or (D) propose or execute or enter into any letter of intent, agreement in principle, option agreement, acquisition agreement or other agreement relating to an L Acquisition Proposal.

Section 6.14. DTV CHARTER RESTRICTIONS. From the date of this Agreement to the Closing, neither LMC nor Parent shall, and each shall cause its respective Affiliates not to, propose to date

entered any statute, rule, regulation, judgment, decree, injunction
or other order of any nature that prohibits, enjoin

such Parent Basket Breach has occurred), the representations and warranties shall be read without giving effect to any limitations or qualifications as to "materiality" (including the words "material" or "materially") or "Material Adverse Effect" set forth therein.

8.2.3 Provided that the Closing shall have occurred, subject to Sections 8.1 and 8.2.4, LMC hereby agrees to indemnify each Parent Indemnitee against and agrees to hold each of them harmless (without duplication) from any and all Damages incurred or suffered by any Parent Indemnitee arising out of or resulting from (i) any representation or warranty of LMC contained in this Agreement not being true and correct (which representations and warranties (except those made as of a specified date) shall be deemed to have been made again as of the Closing Date for purposes of this Section 8.2.3) or (ii) any breach or nonperformance of any covenant or agreement made or to be performed by LMC pursuant to this Agreement.

8.2.4 No indemnification by LMC shall be due and payable under Section 8.2.3(i) in respect of any Liberty Basket Breach unless and until the cumulative amount of all Damages arising out of or resulting from all such Liberty Basket Breaches exceeds the Liberty Basket Amount, whereupon LMC will be obligated to indemnify the Parent Indemnitees for the cumulative amount of Damages incurred or suffered by the Parent Indemnitees in excess of the Liberty Basket Amount, and only to the extent of such excess. LMC shall not be obligated to indemnify the Parent Indemnitees for Damages arising out of or resulting from all Liberty Basket Breaches under this Agreement in an aggregate amount in excess of the Maximum Amount.

8.2.4 The limitations on indemnification set forth in this Section 8.2.4 shall not be applicable to (x) any Liberty Basket Exception Breach (and the Parent Indemnitees will be entitled to indemnification with respect to any Liberty Basket Exception Breach without regard to any Liberty Basket Amount or any Maximum Amount) and (y) any claim based upon fraud or knowing misrepresentation. For purposes of determining the amount of Damages arising from any Liberty Basket Breach (but not for purposes of determining whether any such Liberty Basket Breach has occurred), the representations and warranties shall be read without giving effect to any limitations or qualifications as to any

warranties to any

Party in any manner that the Indemnifying Party reasonably may request in connection with the defense, compromise or settlement thereof. If the Indemnifying Party so assumes the defense of any such claim, investigation, action, suit or proceeding, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) such Indemnified Party shall have been advised by its regular outside counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the Indemnifying Party or that a conflict of interest between the Indemnifying Party and the Indemnified Party in the conduct of the defense of such action would be reasonable in the circumstances.

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27 f 7.3.7, 7.2.4 or 7.3.5 then the Termination Date shall be extended to March 22, 2008 (the "Extended Termination Date");

9.1.3 by LMC upon written notice to Parent, if there has been a breach by Parent or Splitco of any representation, warranty, covenant or agreement contained in this Agreement or the Tax Matters Agreement which would result in a failure of a condition set forth in Section 7.2 and either cannot be cured prior to the Termination Date, or is not cured within 45 days after LMC shall have given Parent written notice stating LMC's intention to terminate this Agreement

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accepte pursuant to this Section 9.1.3 and the basis for such termination; PROVIDED, at the time of the delivery of such notice, LMC shall not be in material breach of its obligations under this Agreement or the Tax Matters Agreement;

~~nss~~ 9.1.4 ~~not~~ Parent upon written notice to LMC, if there has been a breach by LMC of any representation, warranty, covenant or agreement contained in this Agreement or the Tax Matters Agreement which would result in a failure of a condition set forth in Section 7.3, and either cannot be cured prior to the Termination Date, or is not cured within 45 days after Parent shall have given LMC written notice stating Parent's intention to terminate this Agreement pursuant to this Section 9.1.4 and the basis for such termination; PROVIDED, at the time of the delivery of such noti3

Business Days following the earlier of the date notice of the Parent Change in Recommendation is filed with the SEC and the date LMC receives written notice from Parent pursuant to Section 10.1 of such Parent Change in Recommendation.

Section 9.2. EFFECT OF TERMINATION.

9.2.1 In the event of the termination of this Agreement pursuant to Section 9.1, this Agreement, except for the provisions of (i) Section 6.9.1 relating to the obligation of the parties to keep confidential certain information obtained by them, (ii) Section 6.13.3 relating to Parents obligation with respect to the DTV Shares, (iii) Article X, and (iv...iEi

New York, New York 10036
Facsimile: (917) 777-2000
Attention: Lou R. Kling
Howard L. Ellin

If to LMC: Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Facsimile: (720) 875-5382
Attention: General Counsel

with a copy to: Baker Botts L.L.P.
30 Rockefeller Plaza
44th Fl.
New York, NY 10112
Facsimile: (212) 408-2501
Attention: Frederick H. McGrath
Jonathan Gordon

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or to such other address and with such other copies as any party hereto shall notify the other parties hereto (as provided above) from time to time.

Section 10.2. EXPENSES. Regardless of whether the transactions provided for in this Agreement are consummated, except as otherwise expressly provided herein, each of the parties hereto shall pay its own expenses incident to this Agreement and the transactions contemplated herein (including legal fees, accounting fees, investment banking fees and filing fees). Notwithstanding anything herein to the contrary, Parent shall pay and be responsible for all reasonable and reasonably documented out-of-pocket fees, costs and expenses incurred by DTV in connection with the negotiation of this Agreement and any of the Ancillary Agreements, LMC's due diligence review of DTV and DTV's Subsidiaries, and DTV's actions taken in anticipation of the consummation of the transactions, including the fees and expenses of the advisers, accountants and legal counsel of DTV and of any special committee of the board of directors of DTV and any filing fees paid to any Governmental Authority.

Section 10.3. GOVERNING LAW; CONSENT TO JURISDICTION. This Agreement shall be governed by, and construed in accordance with, the internal Laws of the State of Delaware, without reference to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the Delaware Chancery Courts, or, if the Delaware Chancery Courts do not have subject matter jurisdiction, in the state courts of the State of Delaware located in Wilmington, Delaware, or in the United States District Court for any district within such state, for the purpose of any Action or judgment relating to or arising out of this Agreement or any of the transactions contemplated hereby and to the laying of venue in such court. Service of process in connection with any such Action may be served on each party hereto by the same methods as are specified for the giving of notices under this Agreement. Each party hereto irrevocably and unconditionally waives and agrees not to plead or claim any objection to the laying of venue of any such Action brought in such courts and irrevocably and unconditionally waives any claim that any such Action brought in any such court has been brought in an inconvenient forum.

Section 10.4. WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH ACTION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG

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OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.4.

Section 10.5. ASSIGNMENT; SUCCESSORS AND ASSIGNS; NO THIRD PARTY RIGHTS. This Agreement may not be assigned by any party hereto without the prior written consent of the other parties hereto, and any attempted assignment shall be null and void; PROVIDED, HOWEVER, that following the Closing LMC will be permitted to assign its rights hereunder, without obtaining the consent of Parent, to any Person (any such Person a "LMC Related Party") to which ownership of one hundred

TAX MATTERS AGREEMENT

This Tax Matters Agreement (the "AGREEMENT") is entered into as of December 22, 2006, by and among News Corporation, a Delaware corporation ("PARENT"), and Liberty Media Corporation, a Delaware corporation ("LMC").

RECITALS

WHEREAS, as of the date hereof, Parent is the common parent of an affiliated group of domestic corporations within the meaning of Section 1504(a) of the Code, and the members of the affiliated group have heretofore joined in filing consolidated federal income Tax Returns;

WHEREAS, pursuant to the Share Exchange Agreement, dated as of December 22, 2006 (the "SHARE EXCHANGE AGREEMENT"), by and between Parent and LMC, as of the Closing Date, (a) the assets of Greenlady Corp., a newly formed Delaware corporation ("SPLITCO"), will consist solely of (i) all issued and outstanding equity interests of each Transferred Subsidiary, (ii) the DTV Shares and (iii) the Cash Amount and (b) Parent will own all of the Splitco Shares;

WHEREAS, on the Closing Date, Parent will transfer the Splitco Shares to the Stockholders in exchange for the LMC Parent Shares;

WHEREAS, the obligation of LMC to consummate the Exchange is conditioned, among other things, upon the receipt of the LMC Exchange Ruling and the LMC Tax Opinion, and the obligation of Parent to consummate the Exchange is conditioned, among other things, upon the receipt of the Parent Exchange Ruling, the Parent Restructuring Ruling and the Parent Tax Opinion;

WHEREAS, the Parties to this Agreement intend that the Exchange qualify as a tax-free exchange under Section 355(a) of the Code and this Agreement together with the Share Exchange Agreement constitute a "plan of reorganization," as defined in Section 368 of the Code; and

WHEREAS, in anticipation of the Exchange, the Parties desire to enter into this Agreement to provide for certain Tax matters, including the assignment of responsibility for the preparation and filing of Tax Returns, the payment of and indemnification for Taxes (including Taxes with respect to the Exchange and the Parent Restructuring), entitlement to refunds of Taxes, and the prosecution and defense of any Tax Contest;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

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ARTICLE I
DEFINITIONS

Section 1.1 GENERAL. Capitalized terms used in this Agreement and not defined herein shall have the meanings that such terms have in the Share Exchange Agreement. As used in this Agreement, the following terms shall have the following meanings:

"ACQUISITION TRANSACTIONS" shall mean the acquisition by the LMC Entities, Liberty Media LLC or their respective predecessors or Affiliates of LMC Parent Shares or stock (or ADSs) of The News Corporation Limited (now known as News Holdings Limited) in each of the Domestication and the Merger Transactions.

"ACTION" shall have the meaning specified in the Share Exchange Agreement.

"AFFILIATE" shall have the meaning specified in the Share Exchange Agreement.

"AGREEMENT" shall have the meaning specified in the preamble.

"ANCILLARY AGREEMENTS" shall have the meaning specified in the Share Exchange Agreement.

"BUSINESS DAY" shall have the meaning specified in the Share Exchange Agreement.

"CLOSING" shall have the meaning specified in the Share Exchange Agreement.

"CLOSING DATE" shall have the meaning specified in the Share Exchange

Agreement.

"CLOSING OF THE BOOKS METHOD" means the apportionment of items between portions of a Taxable period based on a closing of the books and records as of the end of the day on the Closing Date (as if the Closing Date were the end of the Taxable period), provided that any items not susceptible to such apportionment shall be apportioned pro rata on the basis of elapsed days during the relevant portion of the Taxable period.

"CODE" shall have the meaning specified in the Share Exchange Agreement.

"DAMAGES" shall have the meaning specified in the Share Exchange Agreement.

"DISCLOSING PARTY" shall have the meaning specified in Section 8.3.

"DTV SHARES" shall have the meaning specified in the Share Exchange Agreement.

"DOMESTICATION" means the "Proposed Transaction" as defined in the Information Memorandum.

"EXCHANGE" shall have the meaning specified in the Share Exchange Agreement.

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"EXCHANGE TAXES" means all Taxes (including any United States federal, state, local or foreign Taxes, but excluding Transfer Taxes) resulting from the Exchange or the Parent Restructuring.

"FINAL DETERMINATION" means a determination within the meaning of Section 1313 of the Code or any similar provision of state or local Law.

"FOX SPORTS AGREEMENTS" means (i) the Parents' Agreement, dated as of July 15, 1999, by and among Liberty Media Corporation (now known as Liberty Media LLC) and The News Corporation Limited (now known as News Holdings Limited), and (ii) the Agreement and Plan of Merger, dated as of July 15, 1999, by and among Liberty Media Corporation (now known as Liberty Media LLC), LMC Newco U.S., Inc., New LMC KBL, Inc., New LMC Bay Area, Inc., New LMC Chicago, Inc., New LMC Northwest, Inc., New LMC Upper Midwest, Inc., The News Corporation Limited (now known as News Holdings Limited), and News Publishing Australia Limited.

"GM AGREEMENTS" means (i) the Stock Purchase Agreement, dated April 9, 2003, as amended, by and among General Motors Corporation, Hughes Electronics Corporation and The News Corporation Limited (now known as News Holdings Limited), and (ii) the Agreement and Plan of Merger, dated April 9, 2003, as amended, between Hughes Electronics Corporation, The News Corporation Limited (now known as News Holdings Limited), and GMH Merger Sub, Inc.

"GM TRANSACTION" means the transactions effected by GM Agreements.

"GOVERNMENTAL AUTHORITY" shall have the meaning specified in the Share Exchange Agreement.

"INFORMATION MEMORANDUM" means the information memorandum of The News Corporation Limited (now known as News Holdings Limited), dated September 15, 2004, relating to the U.S. reincorporation and certain acquisitions from Murdoch family interests.

"INTEREST RATE" means LIBOR, as adjusted as of each Interest Rate Determination Date, plus 2%. Interest will be calculated at the applicable Interest Rate based upon the number of days elapsed in each year of 365/366 days.

"INTEREST RATE DETERMINATION DATE" means the Closing Date and each March 31, June 30, September 30 and December 31 thereafter.

"INTERNAL RESTRUCTURING" means the "Post-Transaction Internal Restructuring" as defined in the Information Memorandum.

"IRS" shall have the meaning specified in the Share Exchange Agreement.

"IRS SUBMISSION" shall mean the Ruling Request and any supplemental materials submitted to the IRS relating thereto.

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"JOINT RULING REQUEST" means any ruling request submitted jointly by Parent and LMC to the IRS for (x) the Rulings, and (y) any other ruling in connection with the Exchange or the Parent Restructuring that Parent and LMC deem to be appropriate.

"LIBERTY NEWCO INTERNATIONAL AGREEMENT" shall mean the Agreement and Plan of M iof M iof

Exchange Agreement.

"PARENT RESTRUCTURING RULING" shall have the meaning specified in the Share Exchange Agreement.

"PARENT RULING REQUEST" means any ruling request submitted by Parent to the IRS for (x) the Parent Exchange Ruling, (change

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"TAX MATERIALS" shall have the meaning specified in Section 3.1.

"TAX OPINION REPRESENTATIONS" shall have the meaning specified in the Share Exchange Agreement.

"TAX OPINIONS" shall have the meaning specified in the Share Exchange Agreement.

"TAX RETURNS" shall have the meaning specified in the Share Exchange Agreement.

"TAX SHARING AGREEMENTS" means all existing agreements or arrangements (whether or not written) between or among Parent or any of its Affiliates (other than any of the Transferred Subsidiaries), on the one hand, and any of the Transferred Subsidiaries, on the other hand, including any such agreements or arrangements where a third party is also a party, that provide for the allocation, apportionment, sharing, assignment or indemnification of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts or gains for the purpose of determining any Person's Tax liability, other than the Ancillary Agreements (including this Agreement) and the Share Exchange Agreement.

"TRANSFER TAXES" means all U.S. federal, state, local or foreign sales, use, privilege, transfer, documenteme ptsptspege'ues, '

Party (or its Affiliates) shall not, without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, file

representation made by this Section 3.3 as of the Closing Date, the representations and warranties set forth in Sections 4.20.6, 4.20.10, and 4.20.11 of the Share Exchange Agreement shall be deemed to have been made again as of the Closing Date.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF LMC

LMC represents and warrants to Parent as of the date hereof and as of the Closing that:

Section 4.1 THE RULING REQUEST AND THE RULINGS. LMC (i) has examined the Tax Materials, and (ii) the facts presented and representations made therein, to the extent descriptive of or otherwise relating to the LMC Entities or any of their respective Affiliates, are true, correct, and complete in all material respects, subject to the limitations described in the next sentence. With respect to any facts or representations related to the application of Section 355(d) of the Code to the Exchange, LMC is permitted to assume, and has assumed, all matters it is expressly permitted to assume pursuant to Section 4.3 (subject to the limitations set forth in such section). This representation is made as of the Closing Date and not as of the date hereof.

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Section 4.2 LMC TAX OPINION AND LMC TAX OPINION REPRESENTATIONS.

(a) As of the date hereof, none of LMC or its Affiliates has ~~take the action or~~ take any action, has failed to take any action or knows, after consultation with Tax counsel, of any fact, agreement, plan or other circumstance, that is reasonably likely, directly or indirectly, in whole or in part, to (i) jeopardize the receipt of any of the Rulings or the Tax Opinions, or (ii) è Op

directors or authorized agents will enter into any agreement, understanding or arrangement or any substantial negotiations with respect to any transaction or series of transactions, including any issuance or transfer of an option (within the meaning of Section 355(e) of the Code), that is for purposes of Section 355(e) of the Code and any proposed, temporary or final Treasury Regulations thereunder, part of a plan or series of related transactions with the Exchange pursuant to which one or more Persons acquire (other than pursuant to the Exchange), directly or indirectly, stock possessing fifty percent or

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more of the total combined voting power of all classes of stock of Splitco entitled to vote or stock possessing fifty percent or more of the total value of all classes of stock of Splitco.

ARTICLE VI
SURVIVAL; INDEMNIFICATION

Section 6.1 SURVIVAL. The representations and warranties contained (or incorporated by reference, including, for the avoidance of doubt, Sections 4.20.6, 4.20.10, and 4.20.11 of the Share Exchange Agreement) in this Agreement shall, for purposes of this Agreement, survive the Closing until the date that is 60 calendar days following the expiration of the statute of limitations applicable to actions with respect thereto. Except as otherwise specified to the contrary herein, all covenants and agreements of each Party contained in this Agreement shall, for purposes of this Agreement, survive the Closing, unless specified to the contrary herein.

Section 6.2 PARENT INDEMNITY. Parent hereby indemnifies each LMC Indemnitee against and agrees to hold each of them harmless (without duplication), from any and all (i) Taxes of the Transferred Subsidiaries or that otherwise relate to the Transferred Business or the ownership of the DTV Shares for any Pre-Exchange Period (consistent with the principles of Section 6.4), (ii) liabilities of any Transferred Subsidiary for Taxes of any Person (other than any of the Transferred Subsidiaries) as a result of such Transferred Subsidiary being, or having been, o©Agbereb

may recommend and as to which the indemnifying party acknowledges in writing its obligation to make payment in full; provided that such settlement, compromise or discharge of such Tax Contest would not otherwise materially and adversely affect the indemnified party.

(c) Notwithstanding the foregoing, in the case of a Tax Contest relating to the Tax-Free Status of the Transactions, both the indemnifying party and the indemnified party shall have the right to control jointly the defense, compromise or settlement of any such Tax Contest. No indemnified party shall settle or compromise or consent to entry of any judgment with respect to any such Tax Contest without the prior consent of the indemnifying party, which consent may be withheld in the indemnifying party's sole discretion.

Section 6.7 PAYMENTS. Except as otherwise provided herein, payments due under this Agreement shall be made no later than ten (10) Business Days after (i) the receipt or crediting of a refund, (ii) the realization of a Tax benefit for which the other Party is entitled to reimbursement, or (iii) the delivery of notice of payment of a Tax for which the other Party is responsible under this Agreement, in each case by wire transfer of immediately available funds to an account designated by the Party entitled to such payment. Payments due hereunder, but not made within such period, shall bear interest at the Interest Rate.

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Section 6.8 TREATMENT OF PAYMENTS; AFTER TAX BASIS. Notwithstanding anything to the contrary contained herein or in the Share Exchange Agreement, the Parties agree that (i) following the Closing and subject to LMC's consent, which consent shall not be unreasonably withheld or delayed, any amounts owing between the Parties and their respective Affiliates pursuant to this Agreement or the Share Exchange Agreement shall be settled by making payments by or to Splitco instead of LMC, and (ii) any payments made between the Parties or their Affiliates pursuant to this Agreement or the Share Exchange Agreement (other than interest accruing on payments not timely made under such agreements) with respect to a Pre-Exchange Period or as a result of an event or action occurring in a Pre-Exchange Period shall be treated, to the extent permitted by law, for all Tax purposes as a distribution from or a capital contribution to Splitco made immediately prior to the Exchange. If the receipt or accrual of any such payment results in Taxable income (including an increase in the amount of any gain or other income realized on the Exchange) to the recipient thereof, such payment shall be increased so that, after the payment of any Taxes with respect to the payment, the recipient thereof shall have realized the same net amount it would have realized had the payment not resulted in Taxable income. To the extent that Taxes for which one Party (the indemnifying Party) is required to pay the other Party (the indemnified party) pursuant to this Agreement (the "INDEMNIFIED TAXES") may be deducted or credited in determining the amount of any other Taxes required to be paid by the indemnified Party (for example, state Taxes which are permitted to be deducted in determining federal Taxes), the amount of any payment made to the indemnified Party by the indemnifying Party shall be decreased by taking into account any resulting reduction in other Taxes of the indemnified Party. If such a reduction in Taxes of the indemnified Party occurs following the payment made to the indemnified Party with respect to the relevant Indemnified Taxes, the indemnified Party shall promptly repay the indemnifying Party the amount of such reduction when actually realized. If the Tax benefit arising from the foregoing reduction of Taxes described in this Section 6.8 is subsequently decreased or eliminated, then the indemnifying Party shall promptly pay the indemnified Party the amount of the decrease in such Tax benefit.

ARTICLE VII COOPERATION

Section 7.1 GENERAL. Parent, LMC and their respective Affiliates shall cooperate with each other and with each other's agents, including accounting firms and legal counsel, in connection with (a) Tax matters relating to the Transferred Subsidiaries and their assets and operations, including (i) preparation and filing of Tax Returns, (ii) determining the liability and amount of any Taxes due, the right to and amount of any refund, credit or offset of Taxes and the amount of any Tax attributes allocable to the Transferred Subsidiaries, (iii) obtaining any refund, credit or offset of Taxes, (iv) examinations of Tax Returns, and (v) any administrative or judicial proceeding, or other Tax Contest, in respect of Taxes assessed or proposed to be assessed, and (b) the defense of any Tax Contest involving the Exchange or the Parent Restructuring. Each Party shall also make available to the other Party, as reasonably requested and available, personnel (including officers, directors, employees and agents) responsible for preparing, maintaining, and interpreting information and providing information or documents in connection with any administrative or judicial proceedings relating to Taxes.

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Section 7.2 CONSISTENT TREATMENT. Unless and until there has been a Final Determination to the contrary, each Party agrees (a) to treat the Exchange as a tax-free exchange under Section 355(a) of the Code, and (b) not to take any position on any Tax Return, in connection with any Tax Contest, or otherwise for Tax purposes (in each case, excluding any position taken for financial accounting purposes) that is inconsistent with (i) the allocation of Taxes and Tax benefits hereunder, (ii) the Rulings, (iii) the Tax Opinions, or (iv) the Tax-Free Status of the Transactions.

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percent (100%) of the shares of capital stock of Splitco are or have been transferred in connection with any spin off, split off or other distribution of the secè

be duly executed as of the day and year first above written.

NEWS CORPORATION

By: /s/ John P. Nallen

Name: John P. Nallen
Title: Executive Vice President &
Deputy CFO

LIBERTY MEDIA CORPORATION

By: /s/ Gregory B. Maffei

Name: Gregory B. Maffei
Title: President & CEO

Liberty Equator, Inc.	DE
Liberty ETC Holdings, LLC	DE
Liberty ETC, LLC	DE
Liberty EVNT, Inc.	DE
Liberty Finance LLC	DE
Liberty Freedom, Inc.	CANADA
Liberty Geonet, Inc.	DE
Liberty GI II, Inc.	DE
Liberty GI, Inc.	DE
Liberty GIC. Inc.	CO
Liberty HSN II, Inc.	DE
Liberty IATV Events, Inc.	DE
Liberty IATV Holdings, Inc.	DE
Liberty IATV, Inc.	DE
Liberty IB2, LLC	DE
Liberty ICGX, Inc.	DE
Liberty International B-L LLC	DE
Liberty Java, Inc.	CO

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<Caption>

Name	State/Country of Formation
--	-----
<S>	<C>
Liberty KI, Inc.	DE
Liberty KV Holdings, Inc.	DE
Liberty KV Partners I, LLC	DE
Liberty Lightspan Holdings, Inc.	CO
Liberty LQ VII, LLC	DE
Liberty LSAT II, Inc.	DE
Liberty LSAT, Inc.	DE
Liberty MCNS Holdings, Inc.	CO
Liberty Media LLC	DE
Liberty MicroUnity Holdings, Inc.	CO
Liberty MLP, Inc.	CO
Liberty NC II, Inc.	DE
Liberty NC III, Inc.	DE
Liberty NC IV, Inc.	DE
Liberty NC IX, Inc.	DE
Liberty NC V, Inc.	DE
Liberty NC VI, Inc.	DE
Liberty NC VII, Inc.	DE
Liberty NC VIII, Inc.	DE
Liberty NC XII, Inc.	DE
Liberty NC XIII, Inc.	DE
Liberty NC, Inc.	DE
Liberty NEA, Inc.	DE
Liberty Next, Inc.	DE
Liberty NP, Inc.	DE
Liberty Online Health KI Holdings, Inc.	CO
Liberty Online Health RN Holdings, Inc.	CO
Liberty PCLN, Inc.	DE
Liberty PL2, Inc.	DE
Liberty PL3, LLC	DE
Liberty Prime, Inc.	DE
Liberty Programming Company LLC	DE
Liberty Property Holdings, Inc.	DE
Liberty QS, Inc.	DE
Liberty QVC Holding, LLC	DE
Liberty Replay, Inc.	DE
Liberty Satellite & Technology, Inc.	DE
Liberty Satellite, LLC	DE
Liberty Sling, Inc.	DE
Liberty SMTRK of Texas, Inc.	CO
Liberty SMTRK, LLC	DE
Liberty Tower, Inc.	DE
Liberty TP Holdings, Inc.	DE
Liberty TP Investment, LLC	DE
Liberty TP LLC	DE
Liberty TP Management, Inc.	DE
Liberty TSAT, Inc.	DE
Liberty TWSTY II, Inc.	CO
Liberty TWSTY III, Inc.	CO
Liberty VF, Inc.	DE
Liberty Virtual I/O, Inc.	CO
Liberty Virtual Pets, LLC	DE
Liberty WDIG, Inc.	DE
Liberty WF Holdings LLC	DE

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CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES
CODE)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Media Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the period ended December 31, 2006 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of December 31, 2006 and 2005 and for the three years ended December 31, 2006.

<Table>

<S>

Dated: March 1, 2007

<C>

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
CHIEF EXECUTIVE OFFICER AND PRESIDENT

Dated: March 1, 2007

/s/ DAVID J.A. FLOWERS

David J.A. Flowers
SENIOR VICE PRESIDENT AND TREASURER
(PRINCIPAL FINANCIAL OFFICER)

Dated: March 1, 2007

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
SENIOR VICE PRESIDENT AND CONTROLLER
(PRINCIPAL ACCOUNTING OFFICER)

</Table>

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

GROUP	GROUP	ELIMINATIONS	LIBERTY
-----	-----	-----	-----
	(AMOUN		

Investments in available-for-sale securities and other cost investments.....	2,084	16,405	--	18,489
Long-term derivative instruments (note 2).....	17	1,106	--	1,123
Investments in affiliates, accounted for using the equity method.....	1,229	679	--	1,908
Property and equipment, net.....	746	200	--	946
Goodwill.....	5,273	1,536	--	6,809
Trademarks.....	2,385	--	--	2,385
Intangible assets subject to amortization, net.....	3,867	108	--	3,975
Other assets, at cost, net of accumulated amortization.....	21	732	--	753
	-----	-----	-----	-----
Total assets.....	\$18,351	23,750	(136)	41,965
	=====	=====	=====	=====
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable.....	\$ 466	26	--	492
Accrued liabilities.....	681	126	--	807
Intergroup payable/receivable.....	95	(95)	--	--
Accrued stock-based compensation.....	--	133	--	133
Derivative instruments (note 2).....	12	1,927	--	1,939
Current portion of debt (note 3).....	1,377	2	--	1,379
Current deferred tax liabilities.....	--	296	(136)	160
Other current liabilities.....	36	284	--	320
Liabilities of discontinued operations.....	--	114	--	114
	-----	-----	-----	-----
Total current liabilities.....	2,667	2,813	(136)	5,344
	-----	-----	-----	-----
Long-term debt (note 3).....	3,950	2,420	--	6,370
Long-term derivative instruments (note 2).....	--	1,087	--	1,087
Deferred income tax liabilities (note 6).....	3,104	5,592	--	8,696
Other liabilities.....	239	819	--	1,058
	-----	-----	-----	-----
Total liabilities.....	9,960	12,731	(136)	22,555
Minority interests in equity of subsidiaries.....	160	130	--	290
Equity/Attributed net assets.....	8,231	10,889	--	19,120
	-----	-----	-----	-----
Total liabilities and equity.....	\$18,351	23,750	(136)	41,965
	=====	=====	=====	=====

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STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION
YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)

<Table>

<Caption>

	ATTRIBUTED (NOTE 1)		
	INTERACTIVE GROUP	CAPITAL GROUP	CONSOLIDATED LIBERTY
	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Revenue:			
Net retail sales.....	\$7,326	--	7,326
Communications and programming services.....	--	1,287	1,287
	-----	-----	-----
	7,326	1,287	8,613
	-----	-----	-----
Operating costs and expenses:			
Cost of sales.....	4,565	--	4,565
Operating.....	596	930	1,526
Selling, general and administrative (including stock-based compensation of \$59 million and \$8 million for Interactive Group and Capital Group, respectively) (notes 4 and 5).....	544	262	806
Depreciation and amortization.....	491	91	582
Impairment of long-lived assets.....	--	113	113
	-----	-----	-----
	6,196	1,396	7,592
	-----	-----	-----
Operating income (loss).....	1,130	(109)	1,021
Other income (expense):			
Intangible expense.....	(417)	(263)	(680)
Dividend and interest income.....	40	174	214
Share of earnings of affiliates, net.....	47	44	

Other, net.....	23	(5)	18
	-----	-----	-----
	(287)	254	(33)
	-----	-----	-----
Earnings from continuing operations before income taxes and minority interests.....	843	145	9h..1111111111

translation losses.....	--	312	312
Unrealized holding losses arising during the period.....	(160)	(961)	(1,121)
Recognition of previously unrealized losses (gains) on available-for-sale securities, net.....	(13)	230	217
Reclass unrealized gain on available-for-sale security to equity method investment.....	(197)	--	(197)
Other comprehensive loss from discontinued operations.....	--	(7)	(7)
	-----	-----	-----
Other comprehensive loss.....	(375)	(426)	(801)
	-----	-----	-----
Comprehensive loss.....	\$ (77)	(757)	(834)
	=====	=====	=====

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STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION
YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)

<Table>

<Caption>

	ATTRIBUTED (NOTE 1)		
	INTERACTIVE GROUP	CAPITAL GROUP	CONSOLIDATED LIBERTY
	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Revenue:			
Net retail sales.....	\$5,687	--	5,687
Communications and programming services.....	--	1,056	1,056
	-----	-----	-----
	5,687	1,056	6,743
	-----	-----	-----
Operating costs and expenses:			
Cost of sales.....	3,594	--	3,594
Operating.....	497	663	1,160
Selling, general and administrative (including stock-based compensation of \$39 million and \$59 million for Interactive Group and Capital Group, respectively) (notes 4 and 5).....	411	285	696
Litigation settlement.....	--	(42)	(42)
Depreciation and amortization.....	437	110	547
	-----	-----	-----
	4,939	1,016	5,955
	-----	-----	-----
Operating income.....	748	40	788
Other income (expense):			
Interest expense.....	(385)	(234)	(619)
Dividend and interest income.....	20	110	130
Share of earnings (losses) of affiliates, net.....	(3)	18	15
Realized and unrealized losses on derivative instruments, net.....	(17)	(1,267)	(1,284)
Gains on dispositions, net.....	7	1,404	1,411
Nontemporary declines in fair value of investments.....	--	(129)	(129)
Other, net.....	4	(F.....)	

STATEMENT OF CASH FLOWS INFORMATION
YEAR ENDED DECEMBER 31, 200

	GROUP	GROUP	LIBERTY
	-----	-----	-----
	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings (loss).....	\$187	(141)	46
Adjustments to reconcile net earnings (loss) to net cash pro'i			

NOTES TO ATTRIBUTED FINANCIAL INFORMATION (CONTINUED)

(UNAUDITED)

The Interactive Group's income tax benefit (expense) consists of:

<Table>

<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004
	(AMOUNTS IN MILLIONS)		
	<C>	<C>	<C>
Current:			
Federal.....	\$(305)	(259)	(240)
State and local.....	(57)	(69)	(62)
Foreign.....	(110)	(85)	(47)
	-----	-----	-----
	(472)	(413)	(349)
	-----	-----	-----
Deferred:			
Federal.....	197	150	137
State and local.....	62	40	42
E7 Foreign.....	3	(2)	8
	-----	-----	-----
	262	188	187
	-----	-----	-----
Income tax expense.....	\$(210)	(225)	(162)
	=====	=====	=====
	B		

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Deferred tax assets.....	271	199
Valuation allowance.....	(19)	(6)
	-----	-----
Net deferred tax assets.....	252	193
	-----	-----
Deferred tax liabilities:		
Investments.....	884	618
Intangible assets.....	2,238	2,418
Other.....	86	79
	-----	-----
Deferred tax liabilities.....	3,208	3,115
	-----	-----
Net deferred tax liabilities.....	\$2,956	2,922
	=====	=====

</Table>

The Capital Group's income tax benefit (expense) consists of:

<Table>

<Caption>

	YEARS ENDED DECEMBER 31,		
	2006	2005	2004
	(AMOUNTS IN MILLIONS)		
<S>	<C>	<C>	<C>
Current:			
Federal.....	\$(208)	159	62
State and ld State an.....	\$(208) f		

	2006	2005
	-----	-----
	(AMOUNTS IN MILLIONS)	
<S>	<C>	<C>
Deferred tax assets:		
Net operating and capital loss carryforwards.....	\$ 435	507
Accrued stock compensation.....	56	57
Other future deductible amounts.....	272	239
	-----	-----
Deferred tax assets.....	763	803
Valuation allowance.....	(74)	(149)
	-----	-----
Net deferred tax assets.....	689	654
	-----	-----
Deferred tax liabilities:		
Investments.....	6,001	5,430
Intangible assets.....	124	105
Discount on exchangeable debentures.....	981	1,006
Other.....	283	10
	-----	-----
Deferred tax liabilities.....	7,389	6,551
	-----	-----
Net deferred tax liabilities.....	\$6,700	5,897
	=====	=====

</Table>

(7) The Liberty Interactive Stock and the Liberty Capital Stock have voting and conversion rights under our amended charter. Following is a summary of those rights. Holders of Series A common stock of each group are entitled to one vote per share, and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, will be entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock vote as a single class. In certain limited circumstances, the board may elect to seek the approval of the holders of

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NOTES TO ATTRIBUTED FINANCIAL INFORMATION (CONTINUED)

(UNAUDITED)

only Series A and Series B Liberty Interactive Stock or the approval of the holders of only Series A and Series B Liberty Capital Stock.

At the option of the holder, each share of Series B common stock will be convertible into one share of Series A common stock of the same group. At the discretion of our board, Liberty Interactive Stock may be converted into Liberty Capital Stock at any time following the first anniversary of the restructuring. In addition, following certain group dispositions and subject to certain limitations, Liberty Capital Stock may be converted into Liberty Interactive Stock, and Liberty Interactive Stock may be converted into Liberty Capital Stock.

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